# FINANCIAL TIMES

FRIDAY JUNE 3 1994

### more in low-cost **Asian production**

Europe's Business Newspaper

panese companies plan to boost low-cost Asian production next year, when their overall capital spending is expected to rise for the first time in three years, a government survey shows. Corporate Japan plans to increase total investment in plant and equipment by 1.1 per cent in the year to March, according to a study of 1,615 compa-

Direct investment in other Asian countries in the coming year will leap to 37.5 per cent of total foreign investment, up from 16.4 per cent in the previous year, emphasising the Japanese focus on expansion in China and south-east Asia.

KLM back in the black: A sharp rise in passenger traffic and continued cost cutting enabled KLM Royal Dutch Airlines to report annual net profits of Fl 103m (\$55.7m), reversing the previous year's losses of Fl 562m. Page 17

Chest pains force Arafat to rest Palestine Liberation



Organisation leader Yassir Arafat was ordered to rest in Timis after complaining of chest pains. An aide dismissed reports that Arafat was planning to go to Amman for treatment. Last week, he had a three-hour check-up at a Tunis hospital after suffering

from exhaustion. Israeli air raid kills up to 45,

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Tenneco cuts Chase offering: Tenneco, the US energy and industrial group, has scaled back plans for an initial public offering of its Case farm machinery subsidiary, cutting the size to 25 per cent of Case common stock.

Bosnia talks called off: The United Nations called off crucial talks in Geneva between the warring Bosnian factions after the Bosnian Serbs failed to withdraw forces from the safe haven around the eastern town of Gorazde.

Hong Kong company seeks Ocio listing: Hong Kong based shipping company Jinhui Ship-ping & Transportation plans an Ocio Stock Exchange fisting. It will be the first Asian company to be quoted on the Norwegian market, ...

North Yemen ignores cassetire call: North Yemen launched missile attacks on Aden in defiance of an overnight United Nations resolution calling for a ceasefire in the month-old civil war.

Solid advance at Canadian banks The Royal Bank of Canada reported a 12 per cent gain in second-quarter profits to C\$273m (US\$196.9m), because of strengths in retail and investment banking and the contribution from Royal Trust, acquired last September. Page 19

UK Treasury plans company debt sales: The UK Treasury plans to raise between £1bn and £1.5bn (£1.5bn.\$2.25bn) through the sale of bonds issued by privatised companies, including British Telecommunications, the power generators and regional electricity distributors. Page 17, Lex, Page 16

Plans for initian steel plant in doubt: Plans to build a Rs64bn (\$1.95bn) integrated steel plant near Calcutta have been thrown into doubt following the withdrawal of Caparo, the UK engineering group, as principal promoter. Page 4

Boots ahead of forecasts: UK retailer Boots shrugged off problems at its pharmaceuticals and DIY businesses to beat the best forecasts with a 19 per cent increase in underlying profits. Pre-tax profits increased 2.6 per cent to £415.9m after exceptional charges. Page 18; Lex. Page 16

Cosmo Oil to explore Abu Dhabi field: Cosmo Gil, a Japaneso oil wholesaler and distributor, is on the verge of receiving exploration and development rights to a oilfield in Abu Dhabi.

Hungarilotels to be privatised: Hungary's privatisation authorities are seeking a buyer for 51 per cent of HungarHotels, the country's largest hotel chain. The sale is expected to raise about \$50to. Page 18

161 die in Indian heatwave: The death toll from a heatwave sweeping northern India climbed to 161, with temperatures reaching 49 deg C.

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# Japanese to invest Candidates court French support for top EU job

By David Buchan in Parts and Lionel

The competition to succeed Mr Jacques Delors as president of the European Commission took an unexpected direction yesterday, with two leading candidates courting France in an effort to halt a Parls-Bonn bandwagon in favour of Mr Jean Luc-Dehaene, the Belgian premier. Mr Ruud Lubbers, Dutch prime minis-ter, and Sir Leon Brittan, chief EU trade negotiator, paid separate visits to Mr Edouard Balladur, the French prime minister, in a rare turn of public lob-bying for a job which, in the past, has been settled through discreet diplomacy. After the meetings, a spokesman for

to examining the merits of all candidates" for the Brussels job. "The fact that both Mr Lubbers and Sir Leon are of high quality is flattering for the Com-

France and Germany have made little effort to hide their preference for Mr Dehaene as a successor to Mr Delors, but Prench officials insisted that the two allies cannot pre-empt a decision that is scheduled to be made unanimously at the EU summit in Corfu on June 24-25. Mr Lubbers, the longest serving Dutch prime minister, stressed in a Financial Times interview this week that the

choice of a successor to Mr Delors lay

"not only with Bonn and Paris". He

appealed to other countries to make up their own minds.

Sir Leon's camp reacted with enthusiasm to Mr Lubbers' determination to ignore the apparent Franco-German snub and stay in the race. Supporters calculate that this increases the chance of a deadlock at Corfu, opening the way for Sir Leon or the other long-shot candidate, Mr Peter Sutherland, the outgoing head of the General Agreement on Tar-

iffs and Trade. Next week campaigning is expected to intensify, with Sir Leon planning to visit Mr Silvio Berlusconi, the new Italian prime minister. Another crucial meeting takes place on Monday between Chancellor Halmut Kohl of Germany and

President Felipe González of Spain.

Although Mr González has pledged to support Mr Lubbers, a senior Spanish official said yesterday that the promise was made several months ago, when Sir Leon was the only declared candidate. He also said Mr González went public to head off pressure from Mr Kohl and oth-

ers to take the Brussels job. It seems unlikely that France's displeasure at the continued imprisonment in Brussels of Mr Didier Pineau-Valencienne, head of the French arm of the Schneider industrial group, will affect the outcome. France does not hold Mr. Dehaene responsible for the actions of his judiciary which Paris accepts is indeSir Leon, who has just published a new book on his visioo of Europe, in going public on their candidacies for Mr Delors' job. By contrast, Mr Dehaene has declined to confirm he is a candidate, knowing that he can already count

France and Germany in his camp. European disarray has spread to the Organisation for Economic Co-operation and Development (OECD), which now looks unlikely to reach agreement on a new secretary general at its annual ministerial meeting in Paria next week. With the UK, France and Germany all fielding rival candidates, European members of the OECD want more time

to aelect a single European candidate.

### Leading nations to meet on **OECD** jobs plan

By Peter Norman, Economics Editor

Finance and labour ministers from the world's leading industri-alised nations will be asked next week to endorse 57 detailed proposals to cut the 35m army of

unemployed in their countries. The Organisation for Economic Co-operation and Development will seek the backing of its 25 member governments for the pol-icy recommendations as a first step towards drawing up tailor-made unemployment reduction programmes for each mem-

The plan is that the programmes should be ready in autumn to catch a hoped-for quickening of growth in the industrialised world that would lessen the pain of some of the planned measures. Against a background of strong US growth and rising hopes of recovery in Japan and continental Europe, the OECD secretariat is expected to tell ministers next week that growth in the OECD area will be faster than last December's forecasts of 21 per cent for this year

and 2.7 per cent for 1995. The jobs paper, which will be put forward by Mr Jean-Claude Paye, the secretary general, is likely to be an uncomfortable read for many governments in Europe, where the organisation envisages an increase in unemployment to 22m next year. The document will tell govern-

ments to ask whether existing policies promote or hinder the capacity of their economies to innovate and compete in an increasingly globalised economy.

It is expected to urge governments to look at such institutions as minimum wages, arguing that these increase youth unemploy-

ment. It will advocate changes to tax and benefit systems in many countries, so that the benefit safety net targets people in real need: It will propose cuts in Europe's high non-wage labour costs such as payroll taxes, suggesting that governments levy taxes on consumption if they need to make up revenue shortfalls. It is also expected to advocate lower direct taxes where this would make it more attractive for employers to hire people with

low skills for low wage jobs. However, the OECD will under line the importance of social policies to ensure that people on low wages have acceptable incomes. The study strongly supports many of the changes introduced

by the UK government in recent years to make Britain's labour market more flexible. The OECD's aim is not to put forward a magic solution for cut-

ting unemployment, recognising that its recommendations will apply with different force in the various member states, depending on local conditions. For example, its recommenda-

tions for greater wage flexibility would be expected to carry greater weight in a country such as France, where wage structures are rigid, than in the US.

Jobs priority, Page 4

# Police seize papers from Schneider's Paris headquarters

French and Belgian authorities in search

By John Ridding in Paris and Emme Tucker in Brussels

French and Belgian police searched the Paris headquarters of Groupe Schneider as part of a fraud investigation into Mr Didier Pineau-Valencienne, the chairman of the French electrical engineering group who has been held in a Brussels prison since last week, the company said yes-

Schneider said that it had cooperated with the search, which took place on Wednesday and yesterday morning. The police, accompanied by two French judicial officials, took accounting documents and correspondence from the offices to assist in their investigation into Schnelder's management of Cofibel and Cofimines, two Belgian subsidlaries at the centre of the investigation.

The search and the seizure of ruling by a Brussels court to extend the detention of Mr Pineau-Valencienne and Mr Valentino Foti, an Italian businessmen arrested as part of the same

Lawyers for both men said they would appeal against their con- mented the company's pro-

tinued imprisonment, which could see them detained in Brussels' Forest prison for up to a month. The appeal will be heard within 15 days.

The continoed detention of Mr Pineau-Valencienne prompted a sharp fall in the shares in the company, one of Europe's largest electrical engineering groups with annual sales of about PFr56bo (\$9.8bn). The shares, which were suspended on Wednesday pending the announcement of the court ruling, yesterday lost 5.5 per cent of their value, falling from FFr390.5 to FFY368.9.

Industry observers in Paris sald the prolonged detention of the Schneider chairman was unsettling for investors. "The subsidiaries involved are relatively small, less than five per cent of the group's total assets." said one electronics analyst in Paris. But the damage to the documents follows Wednesday's image of the company is much greater."

Another analyst said that the concerns of investors were amplified by the central role that Mr Pineau-Valencienne has taken in the management of the group. He has drawn up and implegramme of restructuring and acquisitions. It is very much his own plan," the analyst said.

The accusations facing Schneider centre on its treatment of Cofibel and Cofimines and a bid to buy out minority shareholders in the two subsidiaries which was launched in 1992. Belgian prosecutors claim there were irregularities in the offer. They claim that offshore com-

panies and assets were concealed from regulators and investors in the subsidiaries and believe that Schnelder received more than BFr3bn (\$87m) at the expense of its Belgian subsidiaries between 1988 an 1992.

Belgian prosecutors are also examining the alleged non-payment of dividends to all the subsidiaries' shareholders by the offshore companies. Schneider danies the accusa-

tions and says it has not acted against the interests of minority shareholders. It says that Mr Pineau-Valencienne, although nominally chairman of the two subsidiaries, was not actively involved in their mana

This task fell to Mr Jean Verdoot, the managing director of the companies, who died last



When in Rome: US president Bill Clinton, on a visit to Italy, takes a break from his early morning jog yesterday to have the sights pointed out to him by the US ambassador, Reginald Bartholomew. In the background is St Peter's Basilica

### US insurer sets up fund for investment in Asian countries

By Richard Waters in New York

American International Group, the US insurer, will today announce a \$1.1bn fund for investment in infrastructure in developing Asian countries.

Around half of the fund is destined for power, telecommunications and transport projects in The government of Singapore,

through two of its investment funds, has provided \$250m of the money, signalling a policy to switch more of its international investment to supporting Asian development The completion of the AIG

fund comes just ten days after Tiger Management, one of the biggest hedge fund groups in the US, was forced to withdraw its own planned \$1bn infrastructure In an attempt to kick-start that

CONTENTS

fund, Tiger and GE Investments. which manages pension fund money for General Electric, earlier this year agreed to contribute \$225m between them. However, the proposed fund is

believed to have suffered from the adverse publicity hedge funds attracted after some made big losses in the upheaval in financial markets earlier this year. The AIG fund is being formed

at a time when the fate of the most ambitious infrastructure fund announced to date, between hedge fund manager George Soros and GE Capital, General Electric's financial services arm. remains unclear.

In January, each side agreed to contribute \$200m to a fund which was intended to attract as much as \$2.5hn to invest in power projects in developing countries.

The AIG fund will be managed by Emerging Markets Corpora-tion, a Washington-based company set up two years ago by two World Bank veterans, Moeen Qureshi and Don Roth.

AIG has itself put \$100m into the fund. GE, which has backed infrastructure funds to support the sale of its own power generation equipment in developing countries, is also believed to be an investor.

Around half of the Bermudaregistered fund is expected to be invested in projects in China, with the rest in Indooesia, Malaysia, the Philippines, Taiwan and

Speaking in Beijing earlier this year, Qureshi, a former caretaker prime minister of Pakistan, said that the fund represented "a sea change in the willingness of long-term investors to venture out into developing countries".

### WHAT DO THE CRITICS SAY?

This week should see the first reviews of the opening production at the new Glyndebourne Festival Opera.

We are confident the critics will have liked the

performance. But what of the opera house itself?

Will its mixture of traditional materials and high technology get a favourable meotion?

Have its perfect acoustics been appreciated?

And will reviewers have noticed that as coostruction managers, Bovis orchestrated a team of 50 trade-contractors harmoniously and smoothly, completing on time and within budget - without even disturbing the kingfishers on the lake?

Maybe not, but at Bovis Constructioo, we prefer performance to plaudits.

**Bovis** 

Construction Consultancy Management Contact John Anderson



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### Outsiders hit by a strain of Euro-fever

Hugh Carnegy and Ian Rodger find referendums in the air in applicant states



nitely in the air in Austria, Finland, Norway and Sweden, the four European Free Trade Associatlon (Efta) countries whose govern-ments hope to

EUROPEAN join the Euro-ELECTIONS pean Union at June 9 and 12 the beginning of next year. But these outsiders looking in at the elections to the European parliament are only bit players, for the moment, in the story. Their attention, instead, is firmly focused on the campaigns for the referendum votes to be held in each of the four on

whether to join the EU. This is particularly so in Austria, where the referendum will be on June 12, the same day as the EU parliamentary vote. The streets of Vianna, are decked out with posters hoisted by the two sides in the fervent referendum contest.

The debate turns on issues vital to Austrians, such as the country's neutrality, its environment and the survival of its mountain farmers. The gap between the Yes and No camps has narrowed, with a poll earlier this week showing Yes on 48 per cent, its lead cut to just

In the three Nordic countries, tha referendums are not due until autumn. Finland will vote on October 16. Sweden on November 13 and Norway on

vote will be preceded by a general election on September 13. But in all three nations, the EU dehate is alreedy well under way. Television and radio debates on the issue are frequent, newspapers are full of the story and it is e subject

of lively privete discussion. While the Efta countries are preoccupied with their own referendum campaigns, the outmentary elections could have an influence on how those

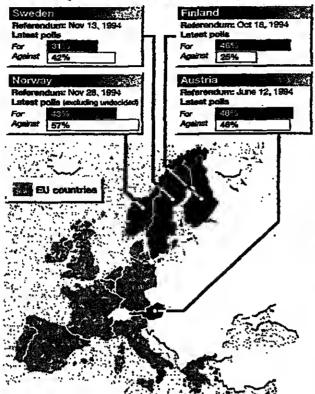
This has already happened in Austria, where the referendum date was deliberately set to coincide with the parliamentary vote among existing members. The country's mainstream political leaders, united in their desire for s Yes vote, were concerned to make the conditions surrounding the referendum as favourable as pos-

sible for a positive result.

That led them initially to choose to hold the referendum in June, so that the issues involved would not become confosed with those in a held later in the year. They initially favoured June

19 or June 26, giving them as much time as possible for passing the enabling legislation and rallying support to the pro-

But it was felt that an unsavoury outcome to the European parliamentary elections on June 12, such as the election of fascists to the Strashourg assembly, could put many Austrians off Europe entirely. So the referendum Next steps towards a wider Europe



A similar fear among EU supporters of a boost to the No camp from the European elections exists in the three northern countries, where most government and opposition party leaderships are, as in Austria, In Finland, the Yes cam-

paign remains firmly in the lead - with latest polls showing a margin of 46 per cent in favour to 25 per cent against. with the balance undecided. But in Sweden and in Norway, the No vote has sustained a significant lead despite slipping somewhat after the appli-

cant countries completed their accession agreements with Brussels in March. Latest polls in Sweden put

the No camp ahead at 42 per cent, with the Yes vote slipping since April to 31 per cent. In Norwey, excluding unde-cided voters, the No side is holding steady, with about 57
per cent support against, 43 per
cent for the Yes camp.
The worry for the social
democratic and conservative

lesderships in Stockholm and Oslo is that the long-standing No ascendancy could be fur-ther cemented if the European elections show extremists gain ing strength - and a hlaze of publicity - in Strasbourg. Equally, a low turnout would deepen the impression in the Nordic countries that the exist-ing citizens of the EU are less than enthusiastic about the union ~ notwithstanding the FT opinion poll this week which showed a large majority of EU voters in favour of entry

hy the Efta four. These are unlikely to be decisive factors in themselves. In Finland, Norway and Sweden. the debate about EU membership turns on more fundamental questions shout political

and economic sovereignty. But the problem for the Yes campaigns in all three countries is the lack of momentum they have so far been able to generate. Having already got most of the trade benefits of Union membership through the completion last year of the European Economic Area agreement between Efte and the EU, the argument for the long-term need to participate

in the EU's political structures has been undermined by the seemingly endless internal problems besetting the Union. No sooner hed the Nordic

and Austrian governmen claimed the success of their accession negotiations in March than their enthusiasm was punctured by the row that followed in the EU over the distribution of voting rights in Union decision-making after enlargement.

This was particularly painful for the right-centre Swedish government of Mr Carl Bildt, which was put in the miserable position of having to explain the stubborn resistance to change by its supposed close ally, the British conservative

Mr Bildt and his Finnish and Norwegian counterparts, Mr Esko Aho and Mrs Gro Harlem Brundtland, will be hoping the European elections will not throw up any further hurdles in their already ohstaclestrewo paths

They will also be praying that on the same day the Austrians will vote Yes to set the ball rolling in their direction. So far, the No campaigns in the north have made little reference to Austria But if Austria rejects membership, parallels will undoubtedly quickly he drawn between the four nations, with their small populations, their traditions of independence and thair tough farming conditions. "Oh yes," exclaimed Ms Eva-Britt Svensson, leader of the Swedish "No to the EU" organisation this week. "An Austrian No would

be a hig boost for us.

EUROPEAN NEWS DIGEST

### Greek interest rates fall as pressures ease

Greek interbank interest rates fell sharply yesterday as financial markets stabilised after almost three weeks of turbulence. The overnight borrowing rate dropped to 35 per cent, while the three-month interbank rate came down to 40 per cent. Dealers said a squeeze on liquidity in the banking system, which kept short-term interest rates at over 100 per cent last week, had eased. The government succeeded in raising Dr450bn (£1.2bn) needed this month to finance the public debt through sales of treasury bills at interest of up to 27 per cent and Ecu- and US dollar-linked bonds. But interest rates on government bonds are expected to remain at record evels as next month's borrowing requirement will also be

higher than usual.
The drachma declined yesterday against the D-Mark, closing at Dr149.45, down from Dr149.15 on Wednesday. Mr Yannos Papantoniou, economy minister, said the currency was no longer threatened with devaluation. Economists said it would depreciate at a faster rate against other EU currencies over the next few weeks. Kerin Hope, Athens

#### Brussels to study mine sale

The European Commission announced yesterday that it is to examine the privatisation of east Germany's Mihrag brown coal mines and the takeover bid by the French state-controlled insurance company Assurances Générales de France (AGF) International for the Belgian life insurer Assubel Vie. Brussels will look at plans to acquire Mibrag through a share purchase by PowerGen, the UK energy utility, and energy concerns
NRG Energy and Morrison Knudsen of the US. It will also
investigate AGF's plan to create a company, Delta Capital,
under which it will merge its Belgian assets AGF Belgium and L'Escaut with those of Assubel, Associated Press, Brussels

#### E Europe environment plea

Environment ministers from east European countries meeting in Copenhagen yesterday called on the international development banks to provide them with soft loans for environmental investments. The conference, called by the Danish minister, Mr Svend Auken, to give the east Europeans a chance to put their views to the banks, was attended by ministers from 16 east European countries and by representatives from the World Bank, the European Bank for Reconstruction and Development, the Nordic Investment Bank and the European

The east European governments made it clear at a conference last year on the environmental condition of the Haltic Sea that they would not be able to make environmental investments unless loans were granted on especially favourable terms. Clearing up the most serious sources of pollution in the Baltic would require at least \$150m (£10bn), according to Mr Anken. "It is impossible to find financing of this order without changes in the rules of the game." The development banks have insisted so far, that all loans to east Europe must be based on "sound banking principles". The conference was expected to conclude last night with a declaration calling on the development banks to change their policies and proceitures. Hilary Barnes, Copenhagen

#### Oslo approves wider oil search Norway cleared the way for future oil prospecting off its southern coast yesterday despite strong opposition from neigh-

bouring Sweden. The Labour government won a deal with the opposition to allow exploration in the Skagerrak strait, but agreed to make further environmental studies before starting drilling. The opposition Conservative party backed the plan in return for a government promise to review controversial rules allowing the state to raise its stake in profitable oil and gas

The new exploration areas will open up 16 per cent more of Norway's continental shelf for prospecting, making it possible to drill under 56 per cent of the waters off the coast. Norway, 2.5m barrels a day, mostly from the North Sea. Output, how ever, is expected to fall in few years unless new discoveries are made. Sweden, fearing pollution from oil prospecting in the waters between itself. Norway and Denmark, has requested intergovernment talks before a decision is made. Norway's state pollution board has sharply criticised previous studies of the consequences of opening Skagerrak and areas off mid-Norway for exploration, calling them inadequate.

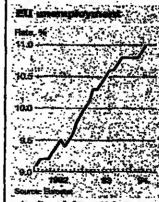
#### Russian privatisation protest

Moscow's mayor, Mr Yuri Luzhkov, yesterday stepped up his campaign against Russia's privatisation drive, accusing Mr Anatoly Chubais, deputy prime minister in charge of privatisa-tion, of leading the economy into a dead-end. He said Mr Chubais should take responsibility for the fact that Russians had lost confidence in privatisation vouchers, distributed in 1992. Long an opponent of large-scale privatisation, the mayor restricted land and property sales in the capital earlier this year and banned the registration of joint stock companies if they were formed from state-owned enterprises.

Mr Luzhkov said the state privatisation committee was simply creating conditions for speculators to buy up state property cheaply and sell it lates for higher prices. "We support the market economy and privatisation. But we do not want state property to be sold off for almost nothing. We wanted to create a class of owner-producers in Russia. But everything has been bought up by speculators," he said. Mr Chubais responded by vowing to take legal action against Mr Luzhkov, accusing him of prompting a social explosion by violating existing laws. Reuter. Moscow

#### ECONOMIC WATCH

#### Record number jobless in EU



European Union rose to a record 11 per cent in April with some 18m people out of work, the European Commission's statistics office, Eurostat, said yesterday. It was the first rise since December when the seasonally adjusted jobless rate rose to 10.9 per cent from 10.8 per cent. The figure stood at 10.4 per cent in April last year. The largest increases over the year were in Spain, where the jobless rate climbed from 21.3 per cent to 23.1 per cent. The only two countries to register a drop were Britans, where the

Unemployment in the

rate dipped from 10.3 per cent to 9.9 per cent, and Ireland, where it slipped from 18.4 per cent to 17.9 per cent. Reuter Livembourg.

The Bank of France said it cut its intervention rate to 5.3

per cent from 5.4 per cent at a securities repurchase tender held yesterday to allocate funds for injection into the money ■ Italian money supply as measured by M2 grew an average

8.1 per cent year-on-year in the three months to end-April compared with the revised average growth figure of 7.6 per cent in the three months to the end of March, the Bank of

Italian total bank lending in lire fell by 4 per cent year on year in April compared with a revised fall of 2.7 per cent in March, according to the central bank.

### Call for EU to guard against over-regulation



has been chief executive of the Swedish-Swiss CUESTIONS international engineering group ABB Asea Brown Boveri since 1988. He was previously chief executive of Sweden's

Q: Where should the European Union place its top priorities in economic and social policy? A: Priority No 1 is to resist the temptation to over-regulate. Instead, the EU should continue creating condition the free play of market forces. This includes the fight against protectionism - particularly involving central and eastern Europe, which badly needs to increase trade. It also includes the completion of the single market and initiatives for joint public and private transcuropean networks in the transport, energy and telecommunications sectors to lead European economies out of the

present recession. Q: Do you believe the European parliament should be given greater powers?

A: I am a great believer in parliamentary control of governments and therefore favour giving the European parliament the means to exercise this control. However, I realise the parliament's power has been increased through the Maastricht treaty, so we must now guard against too much bureaucracy which could paralyse the European legislation

Q: What is the earliest date at which EU membership by former communist countries might be practicable? A: We must allow no delays for the target year of 2000 for the

EU membership of the Czech

Republic, Hungary and Poland.



Mr Percy Barnevik Q: Has the single market

expanded your bustness opportunities throughout Europe? A: The single market has clearly started to expand husiness opportunities through the liberalisation of public procurement and facilitation of crossborder traffic. There is, of course, no guarantee for entrepreneurial success - all these measures have increased competition and thereby tend to decrease margins....to be a winner you have to be even leaner, more efficient and attractive to the customers. The losers will be the ones who cling to remaining protection and who ask for government

support. Q: Does the choice of the next president to the Enropean Commission matter to von? Whom would you prefer to see

A: I would wish that the most capable candidate gets the joh and not just the politically most opportune one; for example, a "lowest common denominator" which sometimes happens when people cannot agree. Europe needs a strong

disillusioned supporters the party is still worthy of being

called the "kingmakers" of the

hroke ruling coalitions of the 1960s, 1970s and 1980s, is strug-

gling to keep its head above

the German electoral water. A

spate of recent opinion polls

gives the FDP just ebout 5 per

cent, the minimum to secure representation in the Bundes-

tag, or lower house.

Any successful outcome of

this three-day congress depends on Mr Klaus Kinkel, the foreign minister, who less

than a year ago was elected

chairman. His task is to

The party, which made and

German political system.

### Coming up on MTV, a hot new quartet of European politicians MEPs look for younger voters

By Ronald van de Krol

The contest for younger Dutch voters in the European elections will take a new twist this

On Sunday, Mr Gijs de Vries, one of the country's most prominent members of the European parliament, is scheduled to take part in a programme broadcast by MTV, the US-based pop music and video-clip channel, to a potential audience of some 25m European households.

His appearance, along with that of three other aspiring MEPs from other states of the European Union, is calculated to put Mr de Vries in touch vill the Nether Europe's, youth.

Young people have a real hunger for information about he says. "One of the

most frequent questions 1 get is how can I get a job in Europe, or how can I do a student internship with a foreign company elsewhere in Europe.

Though he is only 38, Mr de Vries is a veteran Dutch MEP, having served the right wing Liberals in Europe since the age of 28. When be was barely older than most members of today's "MTV generation". Dutch young people may be interested in pursuing pan-

European careers, but most voters in the Netherlands, traditionally a stronghold of pro-European feeling, are displaying a distinct lack of interest in the European Parliament cam-

MEP candidate for the Labour party, says, "There is some voter fatigue out there because this is the third election Maastricht fervour.

they've had since March." Besides the municipal polls in March, the Dutch also held a general election in early May. Mr Wiersma disagrees with the view that there are no fundamental differences between the parties. "There is a fight going on about the future of the Rhineland model of combining an active government stance with freedom for market forces." The left wants to create jobs while the right

wants to lower wages, he says. Mr de Vries of the Liberals also highlights differences. "In social policy, the question is whether we want a 35-hour week, which the Socialists favour, or rather greater flexibility in labour laws, as we

All parties are broadly in favour of the European Union, and there is no hint of antilyst at the Clingendael institute for international relations in The Hague, says that domes tic rather European politics are dominating the latest campaign. "But that's little different from European elections in other years," he notes. What is different, however, is

that Dutch politicians are still trying to put together a government coalition, meaning the June 9 poll is being seen as a referendum on the result of the May 3 general election. The ruling Christian Demo-

crats and Labour both fared badly in the national election losing support to the Liberals and D66, a left-of-centre party. Much will depend on the of voter purpout. tian Democratic voters tend to turn out for the European election, so that could favour

# Fighting spirit roused in Denmark

The campaign in Denmark for the election to the European Parliament has turned into a verbal punch-up between the prime minister, Mr Pont Nyrup Rasmussen, leader of the Social Democratic party, and the pugnacious Mr Uffe Ellemann-Jensen, leader of the Liberal party and the country's foreign minister from 1982 to 1993. The current slanging match is just a rehearsal for a more important confrontation in the autumn, when a general election to the Folketing will be held, and

Uffe, as he is widely known, will be trying to unseat his Social Democratic rival. Mr Ellemann-Jensen has gone ont on a limb by proposing that the country should drop the "opt-outs" from the Maastricht treaty, which Denmark obtained by the Edinburgh agreement in December 1992 (they covered participation in the final phase of Emu, the common defence programme, common legal policies, and Buropean citizenship).

The opt-outs were the essential element in a compromise which followed the referendum defeat of the Maastricht treaty in

the first Danish referendum on June 2, place between the Social Democrats, who 1992, and they enabled the government to pnt the treaty to a second referendum on May 18 last year, when the voters finally endorsed the treaty.

The opt-out from the common defence programme, which means that Denmark refuses to become a member of Western European Union, places Denmark in an "absurd situation", argues Mr Ellemanu-He urges a referendum now to enable

Denmark, which is a member of Nato, to join WEU, and accuses the government of a head-in-the-sand policy on European security, reminiscent, he tells his audiences, of the 1930s, when Denmark met the rise of flitler by pursuing a policy of unarmed neutrality.

Mr Ellemann-Jensen's straight talking appears to be paying off. If the opinion polls are any guide, the Liberal party may win 30 per cent or more of the votes cast and four or five of Denmark's 16 seats in the Strasbourg assembly, compared with the three seats they have in the present

should retain the four seats they have now by winning about a quarter of the votes cast (much less than the 37 per cent they won in the last general election), and the Anti-European Alliance.

This consists of two non-party anti-European organisations, the People's Movement Against the EU, represented with four MEPs in the present parliament. which was founded in the aftermath of the 1972 referendum that took Denmark into the EU, and the June Movement named in memory of the June 2 defeat of

the Maastricht treaty in 1992. The anti-Europeans include members and supporters from all parts of the political spectrum, but their leading candi-dates, law professor Ole Krarup for the People's Movement and Mr Jens Peter Bonde, a current MKP, for tha June Move-ment, are well known left-wingers.

The most colourful candidate is, perhaps, Ms Lone Dyhkjaer, fighting on behalf of the coalition government's Radical Liberal party. She is a former minister A tough fight for second place is taking companion of the prime minister

## Germany's FDP struggles to stay afloat

Former kingmakers acknowledge their fate is tied to Kohl's, writes Judy Dempsey

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Fuancial Times (Scandinava) Ltd., Vinunci-skafted 42A, OK-1161 Copenhagenk. Tele-phone 33 13 44 41, Faz 33 93 53 35.

party which increasingly realises, and fears, that its fate is tied to Chancellor Helmut The leadership of Germany's Free Democratic party, the junior partner in the governing coalition, will today in Rostock Kohl's Christian Democratic begin its struggle to convince

Mr Kinkel, a former civil servant and head of Germany's secret service who joined the party only three years ago, has found it difficult to stamp his euthority on the party - unlike his predecessor, Mr Hans-Dietrich Genscher, who still hovers in the background.

Earlier this year, Mr Jürgen Möllemann, the party leader in North Rhine-Westphalia and former economics minister who had to resign over a scan dal, suggested that the FDP ditch Mr Kinkel and name its own candidate for chancellor. The party rallied around Mr Kinkel. But the internal dissent has continued largely

hecause the FDP is losing a

sense of what role "liberalism" plays in a party which has shared power for nearly 25 years. "We see ourselves as upholders of free-market values in the coalition, and of civil liberties," said one senior party official. Yet its ability to practise what it purports to stand for has been increasingly undermined, particularly over the past four years in power with the CDU.

Mr Günter Rexrodi, the FDP economics minister, has been unable to gain enough support for a plan to introduce deregu-lation, particularly in the energy sector. His colleague Mr Otto Lambsdorff, the party's economic spokesman, was this year forced to shelve his own hudget in order to cut the defi-The liberals have also disappointed the left wing of the party hy having to support the CDU's law and order campaign and possible powers for the police to hug private homes. As a further affront, Mr Kinkel, despite much dissent, secured enough backing - in the third and final hallot - for Mr Roman Herzog, Mr Kohl's can-didate as federal president. In doing so, the FDP signed up to support the CDU and ruled out

any possible future coalition with the Social Democrats. Last month's presidential election showed that, despite ideological differences with the CDU, one principle hinds the FDP together: the wish to remain in power. "If the truth be known, we

are no longer the great king makers any more," a deputy said. "We know our fate is now tied to Kohl. We are seen by

the electorate as part of the government. If the CDU goes up in the polls, it can only do us good. Wa cannot jump ship now and move over to the SPD. By backing Herzog, we backed the CDU in their hid for extending power after next Yet the traditional Kherala

would probably argue that it is

time the FDP had a stint out of power in order to re-group and power in order to re-group and redefine their role in a united Germany. "We might be out for ever then," one official quipped, adding that this prospect alone might give the chance for Mr Kinkel to unite the party and march behind the chancellor. But its distilusioned supporters will need much persuading between now and October that the party deserves to be returned to the

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PROPERTY AND

The United Nations yesterday called off crucial talks in Geneva between the warring Bosnian factions after the Bosnian Serbs failed to withdraw forces from the safe haven around the eastern town of Gorazde. Bosnia's Moslem leaders have refused to attend the talks until this

condition is met, and the UN accepted their contention that the Serbs had reneged on promises to comply. Despite the setback, the powers involved in talks on Bosnia signalled

UN postpones peace talks on Bosnia their continued determination to bring the parties to the table.

The French government announced that representatives of the "contact group" on Bosnia, which includes the US, Russia, Britain, France and Germany, hoped to convene tomorrow, two days earlier than planned.

UN officials said there was a slim chance that talks between the warring parties could begin today, but only if the Bosnian Serbs fulfilled a pledge to remove all armed personnel, military and civilian, from the 3km exclusion zone around Gorazde.

Some 150-200 Serb militia and paramilitary police, as well as some armed civilians, remain in the zone to "protect" Serb civilians, in contravention of a UN agreement.

The Bosnian Moslems accuse the Serbs of blurring the distinction between soldiers and civilians, with some fighters donning civilian clothes and posing as "refugees" resettling the area.

Dr Radovan Karadzic, Bosnian Serb leader, said on Wednesday that all armed personnel would leave Gorazde immediately. But yesterday

afternoon the UN reported there had been "no movement" and senior Bosnian government representatives

remained in Sarajevo. Mr Yasushi Akashi, head of UN operations in former Yugoslavia, who had hoped to negotiate a four-month cessation of hostilities across Bosnia. had no choice but to abandon yesterday's talks.

The deadlock between the Bosnian parties cast a shadow over the international negotiations planned for tomorrow in Geneva.

These talks, under the anspices of

aimed at securing a two-way split of Bosnia between the Bosnian Serbs and the newly-formed Croat-Moslem federation.

Dr Karadzic and other members of the Bosnian Serb delegation arrived in Geneva yesterday, as did Mr Kresimir Zubak, the Bosnian Croat leader who was this week elected interim president of the new federation.

There has been some confusion over the relative seniority of Mr Zubak and the Bosnian government headed by Mr Alija Izetbegovic.



Crimea's parliament yesterday rejected an appeal from President Yuri Meshkov (above right) for the power to rule by decree, AP reports from Simferopol. Mr Meshkov, who became president of the rebel Black Sea peninsula in January, told MPs he needed emergency powers to push through economic reforms. He

# Serbs learn to come to terms with sanctions

The United Nations trade ban has hurt but not changed many minds, writes Laura Silber in Belgrade

erbia's leaders are in buoyant mood; the governor of the rump Yugo-slavia's central bank says oil coming into the republic is being held up more by its own customs officials seeking tariffs on petrol imports than by any international officials policing sanctions; and President Slobodan Milosevic brags that Serbia could survive sanctions for a millennium

It is not all nationalistic hlather. There are some statistics around that give it substance. Hyperinflation appears to have been defeated, industrial production is bottoming out and, on the ground, businessmen and entrepreneurs are telling stories about how they have little trouble, though some additional expanse, exporting their wares.

"I have to pay DM3,000 [1,200] to the Bulgarian police and DM6,000 to international inspectors from the CSCE [Conference on Security and Co-operation in Europe] or the UN on the border," says Mr Miodrag Nikolic, owner of Feman, an electrical and machine tools company in Jagodina, central Serbia. "But one lorry-load is worth half a million so it does not add too

much to the price." Mr Nikolic says his small business has actually benefited from sanctions; gaining access to markets usually reserved for Serbia's huge state companies, "It sounds funny but sanctions gave us a chance to

he says of his com-

pany which in April had a turnover of DM850,000. Sanctions have even helped, director of foreign trade for

1994 92 93 94 st Mades Cirido, Economics Faculty,

Serbia: industrial production:

Index, 1992 everage # 100

Feman seize control of tha market in Macedonia, Serbia's small sonthern naighbour, which finds tools from western European, or even Slovenia. expensive, says Mr Nikolic. "Our prices are 45 per cent below even after sanctions." Sanctions were imposed on

the rump Yugoslavia (Serbia and Montenegro) two years ago because of the Serbs' role in the bloody partition of Bosnia. "Trade takes place but exports are 20 per cent cheaper and imports 20 per cent more expensive," says Mr Ljubomir

Madzar, professor of economics at Belgrade University. For some companies, however, the sanctions have not been so benign. "We cannot smuggle out living room sets," says Mr Slobodan Stojanovic,

Simpo, once a Balkan giant in

the furniture industry. "The only way we have managed to keep our old partners", says Mr Vlastimir Kostic, representative of Metalprogres, a small socially-owned company which makes tools, "is by selling to them at the lowest price.

"Our customers who risked trading with us during sanc-tions will be rewarded when they are lifted. We have made sacrifices in order to keep our customers," who he says are from Italy and Egypt. Mr Kostic says production

costs are up 30 per cent as a result of sanctions. "In the long term sanctions have burt us, making our goods non-competitive. It is difficult to gauge the

production remains far below the pre-sanctions level, but has grown over the

Industrial

past four months. It rose by 3 per cent in April alone

that they have cost the two rump Yugoslav states \$45bn

Industrial production has fallen to a third of its level in 1990. Factories are operating at below half capacity. Per capita gross national product has fallen to less than \$1,000 from \$2,148. Unemployment is running as high as 50 per cent if you include the hundreds of thousands of workers sent on "forced holidays" over the past two years.

However, Mr Madzar points out that sanctions alone cannot account for this. He cites the break-np of Yugoslavia, the interruption of trade and transport links

among the country's former republics, the collapse of the broader economic effects of the socialist system, the cost of sanctions. The official figure is war, byperinflation and "horrible" mistakes in economic poli-

There are, however, some signs of tentative improvement. While industrial production remains far below the presanctions level, it has grown over the past four months, It rose by 3 per cent in April compared with March, though this followed a 24 per cent rise over the previous month, according

to official statistics. Mr Ivan Vujacic, a Belgrade economist, says industrial growth can be expected in the aftermath of hyperinflation, but says it would be impossible to sustain an increase in production while sanctions are still in force.

Meanwhile, Serbian officials say this year's harvest will be good. The republic has traditionally been self-sufficient in food, exporting wheat, meat, fruits and vegetables.

The central bank governor, Mr Dragoslav Avramovic. architect of the economic programme that overnight in January brought inflation from 300m per cent to zero, says sanctions are no longer of crucial importance for Yugoslavia. President Milosevic thinks

the economic situation has improved so much that he is no longer in a hurry to reach an agreement on Bosnia, Previously, he has appeared anxious to get an agreement in order to secure the lifting of sanctions.

Indeed, western diplomats based in Belgrade say that they have never seen the Serbian leadership so self-confident since sanctions were

"If the goal was to punish

Serbia, the target was hit," says Mr Predrag Simic, direc-tor of the Belgrade Institute of International Politics and Economics. "But It was missed if the aim was to push the voters

in Serbia towards a change."
In the distorted political climate of Serbia, the reason for sanctions is unclear to most people. According to a recent poll in Nin, a Belgrade newsweekly, 42.5 per cent of the Serhian population does not know why sanctions were imposed or how they can be lifted. The next largest group, 19.5 per cent, is convinced thet "nothing can be done because the world hates us".

Mr Simic says people have adjusted to a drop in their living standards, blaming the west instead of the Belgrade leadership. In fact, nine out of 10 people, according to the survey in Nin, feel hardest hit by the ban on international sports competition rather than the economic situation. The severing of cultural, sports, and educational links have devastated Serbian society. Tens of thousands of educated people have emigrated in search of future

Meanwhile, Serbia's geographical position undermines the sanctions. Despite its status as an international pariah, last month, Mr Milosevic was received in Romania with all the bonours traditionally

prospects.

reserved for a head of state. "Sanctions cost our neighbours. Even the rich countries do not have money to compensate these states. So the cheapest thing to do is lift sanc-

tions, says Mr Avramovic.

### Kravchuk defied over election

By Jill Barshay in Klev and Agencies

The Ukrainian parliament yesterday voted to proceed with presidential elections, over-riding proposals for a postponement from the incumbent, Mr Leonid Kravchuk.

Mr Kravchuk, one of seven candidates registered for the June 26 poll, had asked parliament to delay elections pend-ing a clear definition of the consitutional powers of the president, prime minister and government. But in the past few days he seems to have resigned himself to his fate.

He virtually abandoned his attempt to cancel the election less than a month away and has reluctantly relaunched his campaign. Before the vote, he softened his plea to deputies, saying: "I believe the election must take place. But it must take place only when snp-ported by a legal basis. If parliament wants Ukraine to remain independent and democratic, it must take reponsibility to prepare these documents by June 26."

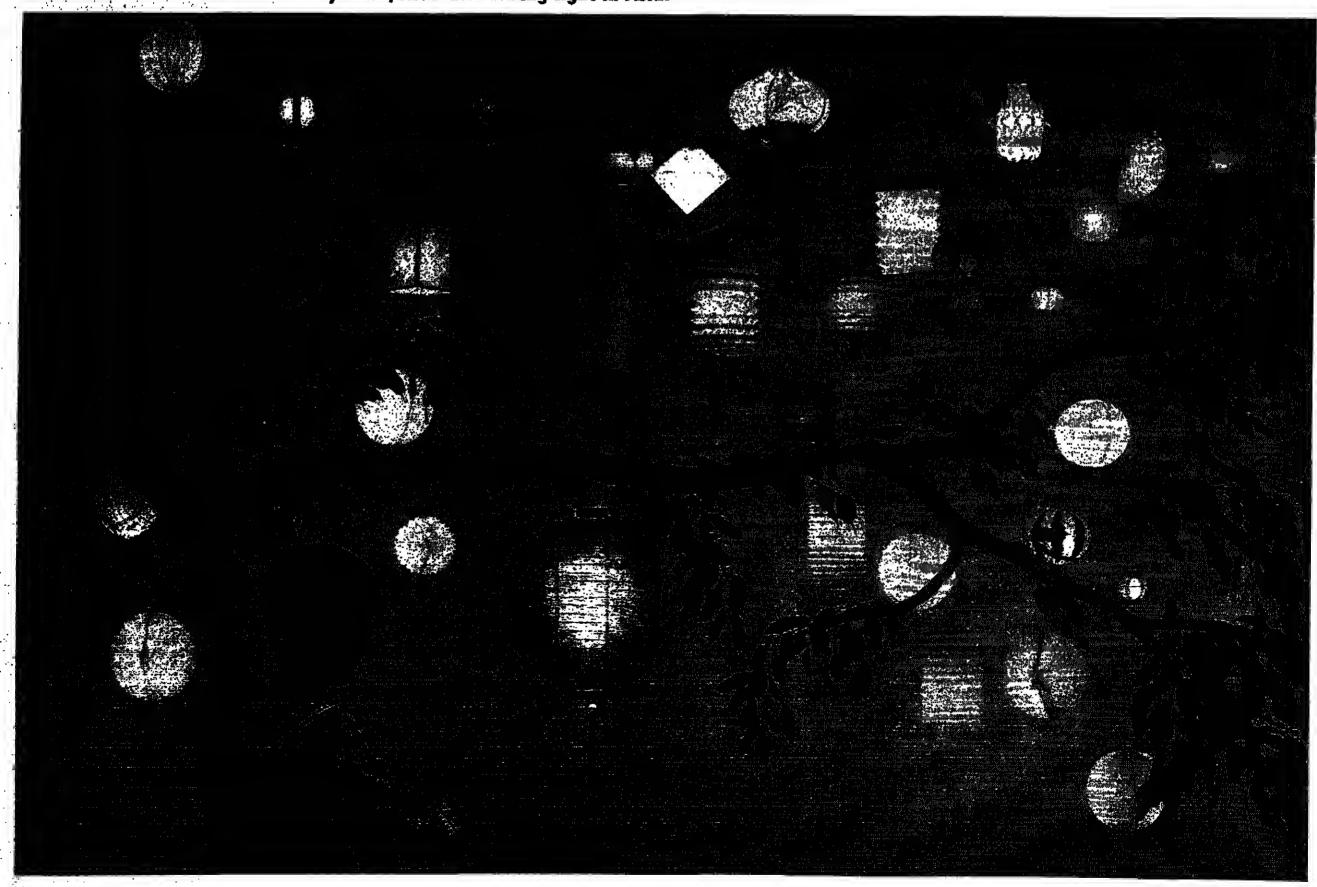
Deputies voted 201-69 in favour of a resolution which said postponing the election was impractical as the campaign was already well under way. The resolution called for parliamentary committees to set down the powers of state institutions within 10 days.

The vote against Mr Kravchuk's proposal represents a rare consensus in the Kiev assembly. The recently elected parliament, deeply divided hetween Russia-oriented leftists and Europe-leaning nationalists, is barely able to sit in the same room together while It waits for a third of Its ranks to be elected. Kiev is threatened by separatism in its Russian-dominated Crimea region and an unresolved dispute with Russia on dividing the Black Sea fleet.

Mr Kravchuk's antics over the presidential election have added to the confusion. First he made "a final decision not to run" and floated a plan to cancel the election and rule by decree. Badly received, the plan was ditched for an alternative strategy: registering as a candidate, but launching a campaign of persuasion to postpone the elections.

Mr Kravchuk's repeated appeals arguing further elections would bring about a "vacuum of power" fell on deaf ears. While his control over the nation's media failed to earn him support, be took his postponement message Ukraine's regions, cutting deals with local bosses. But his competitors, seeing Mr Kravchuk trails in polls in most of Ukraine, set up a momentum toward proceeding with the presidential elections.

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North Yemen's military forces, continuing to seek a military victory over their southern opponents, yester-day launched missile attacks on Aden in defiance of an overnight United Nations resolution calling for a ceasefire in the month-old civil war. Southern leaders, acknowledging the seriousness of the situation,

repeated their appeals for international help to end the fighting. Al dawn yesterday, hours after the UN issued its call for a ceasefire,

annual ministerial meeting in

Paris of the Organisation for

Economic Co-operation and

Development and the economic

summit of the Croup of Seven

Underpinning the discussions of ministers of finance,

labour, trade and foreign

affairs from the 25 OECD mem-

ber states next Tuesday and

Wednesday will be an in-depth study by the OECD secretariat,

containing 57 detailed recom-

mendations, intended to form

the basis of tailor-made policy

programmes for individual

member states. Virtually all OECO member

states face unemployment

problems of some sort, which

the OECD believes rest in an

insufficient ability to adapt to

a fast-changing world econ-

in the making and to be pub-

lished late next Tuesday, puts

the jobless problem in the con-

text of globalisation and tech-

nological change, forces which

have undermined many tradi-

tional patterns of work and

overwhelmed many long-estab-

lished responses to unemploy-

The paper's main recommen-

dations are expected to detail

Enhance creativity and dif-

fuse technical know-how. The

OECD believes lts members

need to encourage high-wage

lobs with high productivity.

and that it is more huportant

for countries to diffuse new

technologies than create them.

Increase flexibility of work-

ing hours. The paper will

stress many workers no longer

need to be pinned down to tra-

ditional working hours in

office or factory because new

technology allows them

le work from hoose. Many

households have two earners

and not all workers want to

work full time. But the study

will warn against governments

The OECD study, two years

nations in Naples in July.

northern forces fired two missiles at

One exploded over the Sheikh Othman district, wounding 20 worship-pers at a mosque, while the other was brought down by southern anti-missile barrages, causing no injuries. Mr Abdul Rahman Ali Al-Jifri,

vice-president of the hreakaway south, condemned the attacks and appealed to the international community to bring more pressure on the north Yemeni leadership to stop the

He acknowledged the south's posi-

24-36 hours would be crucial in its fight against the north.

Northern military units continued their ground advance on Aden, cap-turing the village of Sabir, about 8 miles from the outskirts of Aden. Other northern units, advancing eastward from Tur Al-Baha, were also reported to have arrived at Sabir and were poised for a final joint southward thrust to Aden.

The sound of heavy explosions resounded through Aden as southern

airport, attacking northern troops based at Zinjibar, about 45 miles east of Aden.

Though hombed by northern jets nearly a month ago, Aden airport remains operational for military aircraft and has provided the backhone of the south's defence since hostilities began on April 27. Southern military officials said they still had air superi-

ority over the north. The northern leadership has stepped up its drive against the south during the past week, aiming to jets resumed bombing runs from the achieve a military victory before

international pressure can be brought to end the war.

Apart from increased attacks on the military front, northern forces have also struck at civilian targets. Eight children were reported injured on Wednesday after a bombing raid on Aden by two northern jets aiming at

an off pipeline. The jets dropped Soviat-made bombs containing 30-40 smaller explo-sive canisters. Similar bombs loaded with nuts and bolts hit Aden a week ago, causing extensive civilian inju-ries, western observers acid

### Israel air raid kills up to 45 Hizbollah

in Cairo and David Horovitz

Israel yesterday launched its hloodiest oir raid in seven years on guerrilla targets in Lebanon, killing up to 45 mem-bers of the pro-Iranian Hizbollah group in a dawn attack which provoked retaliatory rocket strikes from Hizbollah fighters into northern Israel.

Lebanese officials said four Israell jets and two hellcopters tsunched the raid on a mountainside Hizhollah training camp at Ain Kaoukaba in the eastern Bekaa Valley. Leban-ese troops had fought off "an Israeli landing attempt" near

Baalbek, close by. Hours later, Hizboliah fight-ars in south Lebanon fired at least 25 Katyusha rockets into northern Israel, and a further nine into Israel's self-declared "security zone" in south Leba-non, hitting buildings in the Israeli coastal town of Naha-

riyya. The Lehanese government condemned the raid as a "barbarian aggression." A statement called for a meeting of the United Nations Security Council to discuss the attack. President Elias Hrawi called it a disaster for Middle East peace hopes.

The raid came two weeks after Israel provoked anger in Beirut and Damascus with a dawn raid deep into the Bekaa to abduct Mr Mustapha al-Dirani, an Islamic militant suspected of having kidnapped Mr Ron Arad, an Israeli airman missing in Lebanon since 1986.

Mr Faris Boueiz, Lebanon's foreign minister, sald 45 Hiz-bollah "martyrs" had died in yesterday's raid. Hizbollah sources put the death toll at nearer 30, but said the figure

The International Finance Corporation yesterday said it would subscribe in up to 25 per cent of the share capita of a new Arab Palestine Investment Bank and provide \$15m for lending to 3,700 small and medium busines In the occupied territories, writes Nancy Dunne in Washington. The Arab Bank Group, a commercial and investment group based in Amman, will hold 51 per cent, with the remainder held by European Institutions and

was likely to rise. The exchanges were tha most serious since laraal launched a week-long artillery and air bombardment of towns in south Lebanon last July, aftar a spate of Hizboliah rocket attacks. More than 120 people died in those raids, eight of them Hizbollah mili-

Hizbollah said yesterday it would make a "comprehensive response on all levels" against Israel, threatening to increase fighting in south Lebanon from the skirmishes which have continued between Israel, its proxy forces and Hizbollah since last July.

Mr Mordechai Gur, Israel's deputy defence minister, asserted the raid was a "pure and successful military strike." He said the Hizbollah militants killed had taken part in attacks on Israel or were training for future strikes.

Raised tensions in south Lebanon will further strain peace talks between Israel and Syria, whose leader, President Hafez al-Assad, has long used Syrian influence on Hizbollah as an

### Yeltsin seeks nuclear-free Korea at OECD and

By Peter Norman, Economics Editor neurial climate in many member states. OECD economists have been struck by the ease With 35m unemployed in the

G7 meetings

**Jobs priority** 

industrial world, it is no sur-prise that jobs will be topping the agenda of next week's with parts of Europe. Increase flexibility of wages and labour costs. Potentially, this is one of the most contentious areas of the report. The US has created far more jobs than Europe, but at the cost. critics say, of creating poverty in work for the unskilled.

with which companies can be

set up in the US compared

The OECD will focus on nonwage labour costs, such as employers' social security payments, which are very high in many European countries which also have inflexible

It believes employment can be created in such countries if non-wage costs are cut and the resulting gap in government finances plugged through other taxes. But in the US, where wages are flexible and nonwage costs are low, increased levies, to cover health-care for example, should not hit employment.

 Weaken employment protectioo legislallon, which has the perverse effect of discouraging job creation. This is a particular problem in some European countries such as Spain, Ireland, France and

 Encourage active labour market policles that Unk unemployment benefit with seeking a job or training. The ple for doing nothing is damag-

 Improve the overall competence of labour. This goes beyond vocational training to ensuring member states have suitable school curricula.

 Overhaul, where necessary, the Interaction of the labour market and social benefit systems to ensure help is targeted where it is needed and benefits do not act as a disincentive to Job seeking and job

The OECD paper will tell governments to maintain solid macroecouomic policies based on low inflation, sound public finances and aufficient savings

two weeks ago that 17 opposition politicians were suspected

hy the US of drug trafficking. That politics is not for the

squeamish, and the corruption

and unscrupulousness of many politicians has never been in

But the latest round of drug

revelations - which obliged the US to confirm that it bad

indeed blacklisted at least two

opposition MPs already named

in public - was adroitly timed

to give the fragile coalition

government a much-needed

joined forces with the military-

dominated Senate and thrown

out plans to make the constitu-

tion more democratic. Since

these reforms were among the

main aims of the 20-month-old

administration, some govern-

Chuan Leekpai, the prime min-

ister, would be forced to dis-

solve parliament and call an

So far he has avoided a disso-

put a brave face on the defeat.

saying that they can amend

the opposition's own draft con-

islactory compromise, and they

drug trafficking and other mis-

Mr Thanong Stripreecha-

pong, an MP for Chart Thai

(Thai Nation), the largest oppo-

sition party, was forced to

resign after being accused of

In March, the opposition had

breathing space.

#### By Leyla Boulton in Moscov and Reuter President Boria Yeltsin, in another display of Russia'a newly assertive foreign policy, yesterday called for an international conference to make the Korean peninsula nuclear-free before attempts to impose

sanctions on North Korea. The Russian leader said that If such a conference failed to make North Korea, a former ally of the old Soviet Union, comply with the nuclear nonproliferation treaty it had signed, Russia and the world would have no choice hut to

turn to sanctions.

"Today, when no decision has been taken to convene an international conference, it is too early to talk about sanctlons," he told a joint news conference with South Korea's visiting President Kim Youngsam. "If it got to the point where North Korea sought to undo the non-proliferation treaty, Russia will be forced to gradually begin to solve the problem: first to issue warnings [to North Korea] and then the world community must decide whether to impose sanctions on North Korea."

The crisis over North Korea's refusal to permit inspection of nuclear facilities deepened yesterday as Pyong-yang threatened to scrap previ-ous pledges and warned that sanctions against it could have devastating results.

But Mr Yeltsin said it was too early to talk of sanctions as long as a conference gathering North and South Korea, Russia, the US, Japan and China had not been convened. He said he would try to talk to President Bill Clinton, now on a tour of Europe.



South Korean President Kim Young sam follows goosestepping Russian soldiers in wreath-laying ceremonies at the Tomb of the Unknown Soldier in Moscow yesterday. South Korea has won ussian backing for possible UN sanctions on North Korea on the nuclear inspection issue

North Korea if the Interna-

In Rome Mr Clinton said he tional Atomic Energy Agency would press for international found Pyongyang violated from a reactor to ensure the economic sanctions against nuclear safeguards accords.

spent fuel rods being removed The IAEA wants to inspect material for weapons purposes.

# India steel plant doubts grow

By Kunal Bose in Calcutta

Long-standing plans to huild a Rs64bn (£1.3bn) integrated steel plant near Calcutta, one of the country's largest investment projects, have been thrown into doubt following the withdrawal of Caparo, the UK engineering group, as prin-

Mr Swraj Paul, Caparo chairman, said tudian economic reforms, though on the right track, had not progressed far

enough to "attract industrial investment" and regretted steel was not given the "kind of priority it deserves". He blamed Indian state financial institutions for not committing sufficient funds.

Caparo had been ready to invest \$90m (£60m) lo the equity of Kalinga Steel, a company formed to implement the 1.5m-tonnes-a-year project at Daitarl in Orissa state. south-west of Calcutta. The Orissa government, the joint

promoter, was ready to contribute nearly \$30m. Davy International of the US, according to Mr Paul, had been prepared to put \$70m into Kalinga Steel but pulled out after failing to agree terms with the Indian

financial institutions. According to Mr Paul, "there is no way we can build a Rs64bn steel plant without a debt:equity ratio of 3:1. But the Indian financial institutions are insisting on a debt equity ratio of 2:1" - although, be

said, the higher gearing had been approved by the Indian Foreign Investment Promotion

Board. Mr Biju Patnaik, chief minister of Orissa, said the land earlier allotted to Kalinga Steel had now gone to Mesco, a diversified Indian business house, to put up an export-ori-ented steel plant. Mr Paul rejected an Orissa government proposal to import a second-hand steel plant which would have cut costs substantially.

### Taiwan generals are impeached

Taiwan's top government tions", an official said. generals yesterday for allegedly wasting taxpayers' money in an arms scandal involving upgrading of 32 anti-submarine aircraft, Reuter reports

from Taipei. One four-star general, twn three-star generals, two majorgenerals and three lieutenantgenerals formed the largest group of military officials ever impeached by the watchdog, the Control Yuan. The eight, who included Gen Kuo Ju-lin and Gen Chen Hsing-ling, former air force commanders inchief, were impeached because "the upgrading of S2T propel-ler planes lacked thorough planning and the negotiated

there was no stipulation in the agreement for any penalty. Payment was made even before the upgrading was completed, wasting taxpayers'

money and delaying upgrading of combat capability." The Committee on the Discipline of Public Functionaries will decide what action to take against the generals. They could be dismissed if still in office but will not face criminal proceedings unless procecutors decide on an inquiry. Gen Kuo, 73, a national policy adviser to President Lee Tenghui, and Gen Chen, 69, a strategic adviser to the president,

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# Drugs revelations win Chuan a breather

Victor Mallet on opposition disarray that plays into hands of Thai PM's coalition ew Thais were aston-ished when the govern-ment let it he known



A pro-democracy activist beside a panel depicting Hitler and That prime minister Chuan Leekpai sharing the same body. The large painting is positioned near hunger striker Chalard Vorachat outside the parliament building in Bangkok

ment supporters helieved Mr (£6.6m) by smuggling marijuana to the US. Another Chart Thai MP was found by police at an illegal gambling den, and lution. Government MPs have the usual cover-up to protect his reputation failed to take place. Yet another opposition MP who was refused entry to stitution enough to reach a satthe US on suspicion of drug smuggling tearfully declared have simultaneously put the opposition on the defensive his innocence in parliament and accused the government of with a flurry of leaks about

"a devilish and dirty tactic". Government MPs have denied any campaign to discredit the opposition by leaking information on drug cases. "I must deny it," said Mr Akapol Sorasuchart, a government MP in Bangkok from Mr Chuan's Democrat party. But

he added: "The liming is on the government's side, we must admit."

The publicity surrounding the scandals has infuriated Mr Banharn Silapa-archa, who recently took over the leadership of the Chart Thai party and is regarded as a possible future prime minisler.

Mr Banharn is known as "the mobile ATM" (automatic teller machine) because of his generosity and his expertise in the traditional patronage-politics of Thailand. He has good contacts in the armed forces and the bureaucracy. Suphanhuri, his constituency, boasts plenty of new roads and new

Banharn-buri by Thais. But the scandals have been a

setback for Mr Banharn'a efforts to promote the opposition as a serious national alternative to the Chuan govern-ment, and he has vowed to avenge the Chart Thal party with "eye-for-eye, tooth-fortooth policies in dealing with

the government". Mr Chuan, seen as the inheritor of the "angel" mantle of those who fought against the armed forces on the streets of Bangkok to restore democracy in 1992, is meanwhile under attack from the left as much as from the right.

By Thai standards the upper levels of this government are

remarkably free of corruption, but liberals are incensed that Mr Chuan has backed down on the constitution - he at first wanted, among other aims, to reduce the size and power of the appointed Senate - and has failed to spread democracy to local government.

Mr Chalard Vorachat, a former Democrat MP, is staging a hunger strike outside parliament in Bangkok and says he will fast to death unless the constitution is thoroughly reformed. Mr Chuan can take little comfort from the fact that right-wingers have set up foodladen tables near Mr Chalard'a tent and are mocking him hy threatening to gorge themselves to death.
At least Mr Chuan does not fear an imminent coup d'etat in a country once famous for them; the army's influence is declining. The prime minister and his supporters say the civilian government has made a start in promoting economic is presiding over an economy growing at a healthy 8 per cent

But Mr Chuan's critics - including members of the Palang Dharma (Mural Force) party that is one of the five parties in the coalition - are uneasy about his willingness to compromise on the constitution and annoyed that he has yet to make a decision on bow to solve Bangkok's notorious

Negotiations on the constitution, conducted in a parliamentary committee dominated by the opposition, are likely to drag on for two or more months. There is also bound to be plenty of information about tha dubious activities of opposition MPs that has yet to be revealed Neither the government nor

the opposition parties seem confident at present about winning an election, although some political analysts believe MPs from both sides are manceuvring for an election in September or October - a scant two years after the last one. No elected government in Thailand has survived its full four-year term. Mr Chuan would like his administration to be the first to do so, but it would be hard to find a Thai politician prepared to bet any

### Kenyan charged in central bank fraud

Kenyan police charged a local husinessman yesterday with cheating the central bank of some 13bn shillings (£158m), the biggest fraud in Kenya's history, Reuter reports from Nairobi.

Presecutors told Nairobl magistrate's court that Mr Kamlesh Pattni stole from or defranded the central bank on 36 occasions between April and December 1993. Mr Pattni, 33, pleaded not guilty.
Mr Eliphas Riungu and Mr

Lazarus Wairagu, who were sacked by the central bank last December, were charged as accomplices. Thay also pleaded not guilty. Police sald they would detain Mr Pattni until Monday

when his plea for bail would be heard. The case is unlikely tn he heard for several months.

Economists said the figure was roughly equal to a sixth of Kenya's annual gross dumestic product and was the largest frand charge since independence from Britain in 1963.

It was not immediately known whether the charge were linked to \$210m (£140m) which Mr Mlcah Cheserem. central bank governor, has sald was lost in a forward foreign exchange contract with Mr Pattni's Exchange

Bankers says the alleged frand was discovered last year when the International Monetary Fund questioned why the central bank had two accounts

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REBIDAY HAVE

# US workers | Cuban economy 'set to recover next year' bolla in decisions' 'must share

By Jeremy Kahn in Washington

Sustained employee participation in decisionmaking is a critical factor in increasing US economic performance, a panel appointed by the Clinton administration reported yesterday.
The Commission on the

Future of Worker-Management Relations, known as the Dunlop Commission after its chairman, former labour secretary Mr John Dunlop, has undertaken over the past year one of the most comprehensive examinations of US labour-management relations in 60 years.

The Commission found that

viable, high quality employee participation arrangements are rare because the structure of US labour law, which has not changed dramatically since the 1930s, makes managers wary of changing traditional decisionmaking hierarchies

A survey by the commission shows that 40m to 50m US workers would like to participate in critical decisions on. their jobs but have no opportu-

"Employee participation has grown and is designed to increase efficiency, performance and quality," Mr Dunlop said. "[But] the high performance workplace may well be limited in the eyes of employ-ers by our existing statutory

The Commission has not yet released its recommendations, which could change such fundamental aspects of US labour law as the National Labour Relations Act passed under the New Deal. The recommendations are due out this autumn. No area of current labour practices was sacred, Mr. Dunlop

The Commission also found that most sectors of American society supported workers' rights to unionise and participate in collective bargaining.

In practice, it discovered employees could not always organise-and elect representa-



Reich: 'illegal practices rising'

tives free from coercion and interference, by either management or union officials.

Mr Robert Reich, labour secretary, said yesterday the mun-ber of cases of illegal employment practices had increased recently among a small seg-

ment of US employers.

Mr Dunlop also said that his panel found the tremendous rise in rights and protections granted to individual workers over the last 50 years by both state and federal legislatures has led to a flood of litigation that can often interfere with workplace productivity.

Last year 46,000 complaints of alleged labour law violations were brought to the Department of Labour alone, Mr Reich said. Business and government

should also be alarmed by the commission's findings on the growing income gap, the larg-est of any industrialised nation, he added. Over time this rising gap between rich and poor, and educated and uneducated would, lead to a dramatic erosion in both productivity and competitiveness, Mr Reich said.

₹ uba's economy will not

return to growth until at least next year, and The government does not any recovery will be modest, a intend to apply shock therapy leading Cuban economic ~ "the type of neo-liberal policies as you see in Latin Amer-"It seems to me that this ica. The task is to correct the year the economy is still facing internal financial imbalance and not to kill the social cohe-

a very, very difficult situation." says Mr Osvaldn Martinez, president of the Economic Commission of Cuba's National Assembly, "but I expect that next year it will be in a position to resume growth, though not in a spectacular Mr Martinez, in London last week with a delegation from

Cuba's National Assembly. estimates that since the col lapse of the Soviet Union, the Cuban economy has shrunk by 30-35 per cent - lower than many external estimates. The collapse - Cuba conducted 85 per cent of its commerce with the USSR and its former east European satellites - was fol-lowed by a big drop in Cuban trade. Exports from Cuba dropped from \$8.1hm in 1989 to \$1.7hm in 1993, he says.

policymaker says.

Mr Martinez says the main problem facing the government is the big overhang of currency in the Cuban economy. A meet-ing of the National Assembly at the start of this month, following consultations with 3.5m workers, has provided the outline for tackling this issue, he

However, the government recognises that excess liquidity has had negative effects on the economy. "It hurts the discipline of work and the interest in work. It hurts productivity and efficiency and contributes to the development of the black market," says Mr Martinez.

Excess liquidity was estimated at the start of last month at about 11bn pesos representing about 15 months of the population's earnings. (The peso is not convertible, but it is officially set at about parity to the dollar. The black market rate is around 100 to the dollar.) Some 60 per cent of this monetary overhang was in the form of deposits in savings banks, and the rest in cash.

This is being made worse by a continuing budget deficit. It was 5.2bn pesos last year, and this year the government is aiming to reduce it by 24 per cent, mainly by reducing inefficiency in and cutting subsidies to state enterprises, he says.

The monetary overhang will be addressed in three ways. Policies would be aimed at encouraging savings; raising prices and eliminating subsidies and certain government gratuities, such as free water; and through the introduction of wider taxation. At the moment, only a few thousand

Cubans pay income tax. Price rises were announced last week, significant ones on products Mr Martinez describes as non-essential goods, such as cigarettes, tobacco, alcoholic beverages, and on petrol. Electricity prices will also go up, but by how much will depend on what is consumed

"We think that we need not less than 18 months to see the problem under control," though the first effects of the policy will be seen before that. The aim, he says, is to "restore the purchasing power of our national currency". After the problem of excess liquidity is resolved, the possibility of making the peso convertible will be considered.

Asked about the crackdown on the rampant black market that also emerged from the National Assembly meeting, Mr Martinez says: "We are not thinking in terms of an economic solution. The repression of the black market is not a



Martinez: expect no neo-liberal shock therapy

matter of an economic solution, it's a matter of elementary social justice.

"If we are asking Cuban workers to accept some sacrifices in order to balance the excess of liquidity . . . it is necessary to act against the black marketeers who make profits tor - producers must by law

from the exploitation of the

people."

The economic solution to the black market "is to increase the production and efficiency of the economy." he says. Asked whether a further freeing of the agricultural sec-

duced in 1960. He says there are no official figures for the size of foreign investment but cites "academic estimates" of \$500m. "It's not a big figure but in the conditions of the Cuban economy an important one." He says tourism is going well. Last year gross revenues were about \$700m - with visi-

sell their produce to the gov-ernment - is in prospect to

increase farm production, he

says: "We are not in a dog-

matic position in this field or

any other field." However, the

1980s experiment of peasant

markets is "not a real solu-

tion" but a source of "specula-

tion, high prices and interme-

His prediction that the econ-

omy will improve is based on

some improving indicators.

"Foreign investment is going well in the conditions of the US

blockade" - a reference tn the

US embargo, which he esti-

mates has cost the Cuban econ-

omy \$40bn since it was intro-

diaries"

 providing a net contribution of \$220m to the economy. Oil exploration is on a rising trend, and national nil output rose last year to 1.1m tonnes. from about 800,000 in 1992. He does not expect electricity shortages, already leading

tor numbers of around 700,000

to significant power cuts, to

### Leading indicators index stalls after rise in March

By Michael Prowse in Washington

The US official index of leading indicators was flat in April, after a strong 0.7 per cent gain in March, the Commerce Department reported

Separate figures showed new orders for manufactured goods feli 0.1 per cent between March and April. On an annual comparison, however, orders were up a robust 9.1

The figures followed reports earlier, this week of a modest decline in consumer spending and home sales between March and April and a drop in the Conference Board's measure of consumer confidence last month.

The Purchasing Managers' Index - a guide to conditions in manufacturing industry - was flat in May. Some analysts see the

weaker tone of recent data as evidence that higher shortand long-term interest rates are beginning to exert a downward pull on growth. The majority view, however,

is that recent data reflect the

natural volatility of economic

statistics rather than a weak-

ening of economic fundamentals. Economic series do not rise continuously even in strong expansions.

Most forecasters believe the economy is still growing faster than the 2.5-3 per cent annual rate regarded as sustainable in the long term. Gross domestic product is expected to grow faster this quarter than the 3 per cent annual rate registered in the first three months.

Falling share prices and an increase in weekly claims for unemployment insurance made the largest negative contributions to the leading index

### Venezuela restores right of economic freedom

The Venezuelan government has restored a constitutional provision granting the private sector freedom of economic activity, writes Joseph Mann in Caracas.

Wednesday's action, praised by businessmen, lifted the Febrnary 26 suspension of so-called "economic guarantees", which enshrine the individual's right "to freely engage in the economic activity of his choice" without undue government interference.

At the time of the suspension, the government of President Rafael Caldera said the measure would be temporary.

Businessmen were worried. however, that the government would use the suspension to wield special economic powers, such as extensive price controls. The previous suspension of economic guarantees lasted

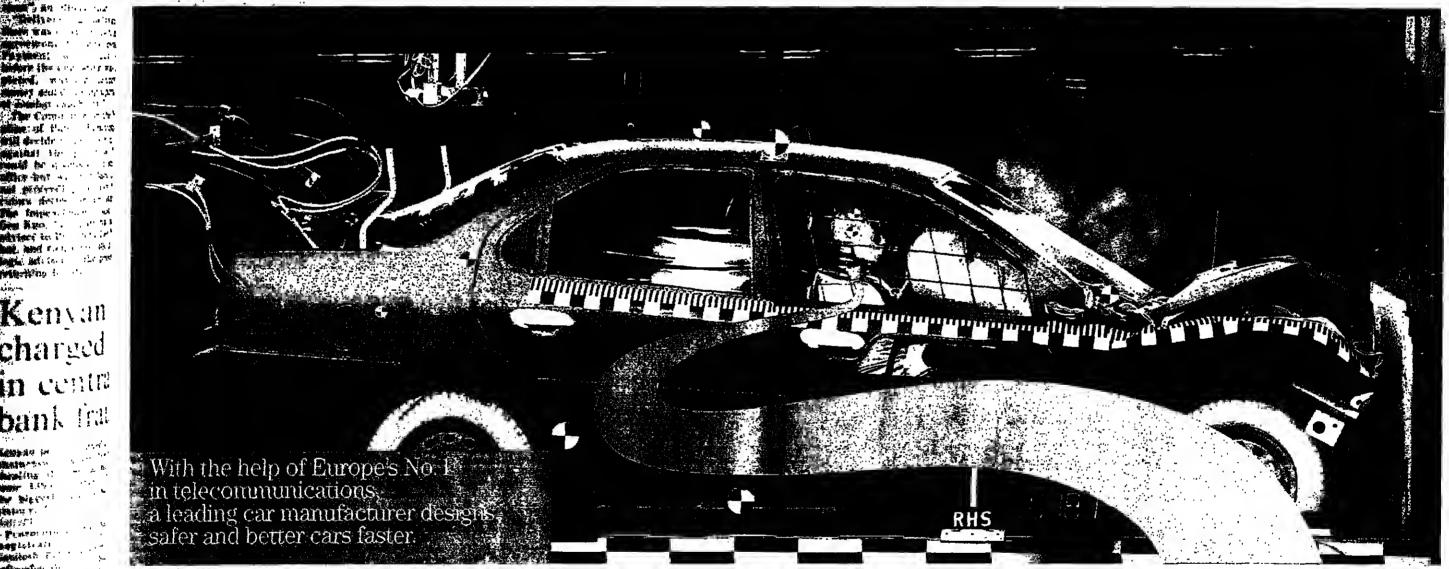
Ironically, on the same day as this move toward economic liberalisation, the cabinet approved a three-month extension of price controls on a wide range of pharmaceutical prod-

Mr Alberto Poletto, industry minister, said however, that some "moderate" price increases would be permitted

for medicines, and that it was not the government's "style" to decree price controls on a gen-

eral basis. Venezuela's central bank revealed on Wednesday that the consumer price index rose 5.2 per cent in May, the highest monthly increase in recent years. Most of the May rise was due to higher import costs related to a rapid devaluation of the Venezuelan bolivar during April and most of May.

Mr Julio Sosa, finance minister, said inflation this year was now expected to reach 50-60 per cent, compared with 46 per



The success of international companies is becoming increasingly dependent on information logistics. That's why more and more of these companies are taking advantage of Telekom information management systems.

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The European Commission vesterday recommended an overhaul of trade beoefits for arouod 60 developing countries, with new incentives for improving environmental and labour standards.

The guidelines are part of a review of the generalised system of preferences which grants tariff advantages to developing countries to help them export to the EU market. The GSP review, which takes place every 10 years, is part of a wide-ranging Brussels effort to update trade policy toward

the developing world. The Commission is waiting to hear views from EU ministers and the European Parllament before it decides on how to apply the new GSP scheme to specific countries and sectors. But the broad outlines of reform are already clear ahead of the Commission's ambitious deadline of January 1 1995 for starting the new scheme.

First, the Commission wants to offer extra trade benefits to encourage countries to pursue

The west European spinning

industry is likely to suffer fur-

ther sharp declines in output

as production shifts to the Far

East, according to a report\* by

Textiles intelligence and the

Europe will fall to 2.3-2.6m

tonnes by 2000, from a peak of

3.3m in 1987, in spite of techno-

logical advances and improved

yarn quality.
The lodustry's fastest growtb

will be in China, India and

Pakistan, where labour costs

are low and raw cotton is

Asian producers of yarn will

also benefit from the rapid

growth in textile and clothing

locally available.

The report predicts that spun yarn production in western

Economist Intelligence Uolt.

By Jenny Luesby

and follow international labour agreements on the lines of the ILO convention. Brussels offi-cials argue that this amounts to "positive" discrimination which should not therefore

arouse opposition from Gatt. Mr Pierre Defraigne, senior Commissioo official in charge of North-South relations, added that Brussels had deliberately underlined the link between social and environmental policies and trade. Second, the new guidelines

are supposed to be simpler to manage. Starting with Gatt's Most Favoured Natioo status as a baseline, Brussels wants to offer oew flexible rates which will decline progressively from 50 per ceot, 75 per cent and 100 per cent of MFN. Third, the goal is to reduce the number of countries eligihle for GSP, with "super-com-

petitors" such as fast-growing east Aslan economies dropping out of the running. The criteria for GSP eligibility will be per capital GDP and the proportion of manufacturing for exports which directly competes with

European production of

spun yarn set to decline

Conversely, as west Euro-

pean fabric and garment mak-

ers reduce the scale of their

operations. European spinners

will face an ever-declining mar-

ket for their products, the

report predicts, in a trend that

will get worse as quotas are

liberalised under the new Gatt

In the five years from 1987,

only Italy, which accounts for

30 per cent of European spun

yarn production, and the Bene-

lux countries maintained pro-

Other leading producers experienced sharp falls in out-

put, with UK production off by

tion down by 27 per cent.

per ceot and French produc-

Cotton yarns are expected to

agreement

ductioo levels.

Fourth, the Commission wants to introduce a safeguard clause "very close to the Gatt safety clause", said Mr Defraigne. This would operate against as yet unidentified "sensitive" products.

China can expect to benefit from GSP, though Brussels will put a ceiling oo beoefits because of the size of the Chinese economy. Similarly, Mr Manuel Marin, the EU Commissioner io charge of the exercise, is expected to press ministers to continue extra trade benefits for the Andean countries fighting drug traf-

ficking. Venezuela and, possihly, Panama may also benefit. GSP was long the favoured countries not advanced enough to take advantage of the Gatt multilateral trading system, ing reciprocal concessions. In the wake of the progressive dismantling of tariffs under the

Uruguay Round agreement,

quarter between 1991 and 2000.

Synthetic fibre yarns also face

sharp declines in output, of up

sector will be more resilieot,

the report predicts, declining

The outlook is brighter in the US, where spun yarn pro-duction grew by 24 per cent in

the 1980s, to reach 2.0m tonnes

It is expected to stabilise at

Morkets for Spun

Forecasts to 2000.

this level for the rest of the

Textiles Intelligence and the

Economist Intelligence Unit,

However, the wool spinning

to 18 per cent.

\*World

Yarns:

by about 11 per cent.

It has been producing oil at the Muharraz concessioo in Abn Dhahi since 1973 through a joint venture com-pany with Japan Eoergy. However, ontput at Mubarraz has heen on the decline from a peak of 30,000 barrels per day in 1979 to about 15,000 b/d.

Cosmo to

receive

rights to

oil field

Dhabl

oli exports

a step further.

Abu Dhabi

wholesaler and distributor, is

on the verge of receiving exploration and development

rights to a new oll field in Abu

The Abn Dhabl authorities

made the offer to Mr Yoshiro

Nakayama, honorary chair-man of Cosmo Oil, when he visited the United Arab Emir-

Japan accounts for about

half of Abu Dhahi's total crude

Negotiations are still

underway, but if a deal is finalised it would

belp Cosmo to take its

long-term goal of expanding its Middle Eastern production

ates in April, Cosmo said.

An award of new exploration and development rights in Abu Dhabi could bolster Cos-mo's financial performance. Exploration and production is where profits are to be made, although Japanese oil companles bave concentrated on downstream operations, said Mr Nicholas Smith at Jardine

Oil companies and the Japanese government have been keen to win development rights in the Gulf to ensure a steady source of oil for the country, which has few energy

Japan depends on the Middle East for 70 per cent of its oil

But Japanese equity in international oll reserves accounts for only only 13 per cent of the country's total imports. The Japenese government wants to raise this to about 30 per cent in the medium

### Waging a war for US business Guy de Jonquières interviews Clinton's export policy 'general'

s hefits the son of a career soldier who grew up with General Douglas MacArthur's farewell address on the wall of his family home, Mr Jeffrey Garten has a penchant for military about his joh, his conversation is dotted with phrases like "no first-strike policy", "strategy"

and "war room". Mr Garten is not a Pentagon hrass-hat, but the Clinton administration'a under secretary of commerce for interna-tional trade. However, the martial imagery clearly fits with his convictions about the need for radical change in US national priorities since the cold war ended.

in his writings and speeches - which he turns out prolifi-cally and at great length - he has pounded away at the theme that the overriding con-cern of policy today is no longer defending national security hut a remorseless global battle for economic advantage.

As commander of the federal government's newly-refurbished export promotion drive, he is in the frontline of that offensive. And he has powerful backing from President Bill Clinton. Not only has Mr Clinton thrown much higger resources at export promotion, hut he has prondly claimed credit for pitching in to win a \$6bn civil aircraft order from Saudi Arabia in February.

"I would be very surprised if we did not have many more successes," says Mr Garten, a 47-year-old former investment banker who is widely acknowledged to be one of the intellectual leading lights of the Clinton administration.

"In the past, export policy has been seen as a stepchild of tha commerce department. Nobody'a thinking that any more. It's now embedded in our perception that exports are what is going to make the US economy spin."

But while the administration basks in the early results of its foreign sales drive, they are provoking outrage abroad. The French government - itself no mean export promoter - is still furning at the Saudi deal. Disappointed foreign bidders for a \$4bn Saudi telecommunications contract, woo by American Telephone and Telegraph



last month, allege it was rigged politically in favour of the US company.

Mr Garten is unrepentant. He insists Washington is sim-ply a late entrant in a game long played by other govern-ments, notably in Europe and Japan. If they resent the US muscling in, they should not have started the ball rolling. What is more, he says, the US aims to play very hard indeed.
With the hlessing of the

White House, export promotion has blossomed into an administration-wide effort, co-ordi-nated at regular cabinet-level meetings involving officials from the state department and other federal agencies.

It all comes down to growth and jobs. Pulling out a set of flip charts, Mr Garten reels off figures showing how much exports have contributed to recent increases in US gross national product and well-paid employment. "We do not have the great luxury of saying this job is good and that job is bad. The first thing we want is high levels of employment."

But how does the policy lit with the globalisation of busi-ness, as companies increasingly source components and manufacture products worldwide? How can Washingtoo be sure that support for American companies will end up benefiting workers in the US rather,

than say, in Singapore? Mr Garten insists his departmant vets every application for export assistance to determine its contribution to the domestic economy. But he admits that choosing between the relative merits of US-owned compenies and local subsidiaries of

foreign groups can be tricky. So far, he says, the problem has arisen less in export promotion than in deciding whether foreign-owned subsid-laries should be eligible to par-ticipate in the administration's sharply increased funding for research and development in high-technology industries.

This thing comes up all the time. Wa don't have the most consistent policy right now. They're very difficult issues...and we know they're important," he says. Finding a solution is a high priority, he says, likely to require interna-Washington's assertive championing of national busi-

ness interests also sits rather oddly with other aspects of its trade policy. Does it not, for instance, risk devaluing indignant US assertions that Japan's domestic market is rigged by politicians and hureaucrats in favour of

national producers?
"Wa certainly can't mortgage
our entire international economic strategy to perceptions of whet we would like the Jap-anese to do," he says.

And asked how he would

den, that the US may distort competition and discriminate egainst companies from smaller countries whose gov. ernmeots pack less international punch, he repliea: "I would say thet you engage in subsidised financing ... the Swedes are doing it. I haven't measured it, but if any govern-ment came in and said it was totally pure - first of all, if it's from Europe or Cenada - I would be scepticat. You cer-tainly couldn't expect US policy to be geared to the one or two countries that possibly could be pure."

If other governments really feel strongly about US tactics, he says, they should agree to sit down and negotiate more effective ways of eliminating export subsidies. Until that happens, the administration remeins determined to lobby hard for US companies and match the competition, subsidy for subsidy, in bidding for con-

tracts it really wants. Mr Garten concedes that, in practice, budgetary constraints will compel the administration to be selective about the projects it backs. Already, he says, it is under pressure to improve the efficiency of its export promotion effort before requesting more funds from Congress.

Furthermore, for all his enthusiasm about the mechanics of the effort and the new resources at his disposal, be admits to more than a shade of doubt about the value of the purpose they serve.

"Without question, no good is going to come out of this. It would be vastly preferable to have a system where companies are competing on their quality and reputation, not on the subsidised financing they get. We would prefer not to play this game at all."

Unit 151, Dartford Trade Park, Howley Road, Dartford, Kent DA1 1QB. £295 or \$525. be the hardest hit in Europe,

manufacturing in the Par East. with output set to fall by a

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### Toyota to export UK engines to Turkey

By Kevin Done Motor Industry Correspondent

Toyota, the Japanese car maker, is to export engines from its UK plant at Deeside, Ciwyd, to a new car assembly plant in Turkey, which will hegin productioo in the

The supply of engines to the car plant at Adapazari, 100 miles east of Istanhul, will mark the first time Toyota has exported eogines from the £140m UK plant. The Deeside engine facility began produc-tion in late 1992 and chiefly supplies engines to Toyota's £700m UK car assembly plant

at Burnaston, near Derby. Production of the Corolla small family car at Toyotasa, Toyota's joint venture plant in Turkey, is due to start in September. The Turkish company is owned 40 per cent by Toyota, 10 per cent by Mitsui, the Japanese trading house, and 50 per cent hy Sabanci, Turkey's second largest industrial groop. Production is expected to total 2,000 in the final months

By Tim Coone in Dublin

Cable and Wireless(C&W), the

British telecoms company,

says it will probably have to

revise its offer for a minority stake in Ireland's state Tele-

this year rising to around 20,000 next year. Toyota said the plant's short-term prospects were uncertain, however, given the present sharp down-turn in the Turkish new car market

Toyota's Turkish plant will have an eventual capacity to produce 100,000 cars e year with a significant share of the engines to be supplied from the Toyota plant in north Wales.
The Desside facility currectly builds 1.6 litre petrol

engines for Toyota's Burnaston car plant, and supplies components - hlocks and crankshafts - to Toyota in Japan for 1.8 litre engines. The Deeside plant produced 29,000 engines in 1993, but this is expected to rise to around 70,000 this year. In the six months to end-March it exported 45,000 cylinder blocks and crankshafts to Japan worth £2.5m. Toyota said the Burnaston car plant had reached an output level of 400 cars a day or 100,000 cars a year, the planned full capacity in the first stage of the project.

Output of the Carina large

for a joint venture with Tele-

Mr James Ross, C&We chief

executive, in Dublin to talk to

institutional fund managers,

said C&W was keen to estab-

C&W may revise Irish offer

family car in the whole of 1994 would total around 90,000 compared with production last year of 37,314. Around 75 per cent of production would be exported to other markets in

Citroen the French car maker, is investigating participating in a joint venture in Malaysia. One report quoted e company official as saying Citroen had put forward pro-posals to build diesel engines for Malayelan-mede Protoo cars, Kieran Cooke adds from Kuala Lumpur.

Last month Dr Mahathir Mohamad, Malaysian prime minister, visited Citroen's factories in France. Malaysia makes the Proton in co-operation with Mitsubishi of Japan. Later this year Malaysie is due to start producing another car in co-operation with Daihetsu

Dr Mahathir has said the transfer of technology by the Japanese has not been fast enough and has suggested sourcing car components from other countries.

in Telecom Eireann through e

naw joint venture, "should probably be put aside" in favour of a revised offer, since the decision to invite other

The offer is thought to be

worth up to £500m (\$742.5m). C&W's interest would be to

develop TE's customer service.

#### \$100m joint venture to extend UK network

By Andrew Adonis

Nortel Matra Cellular, the mobile communications equipment joint venture between Northern Telecom of Canada and Matra of France, has won a \$100m contract to extend One-2-One, the UK digital cellular network launched last

The contract marks a significant advance for Nortel Matra, which makes its cellular infrastructure in Peigntoo, England, and in France, as it seeks to establish itself as a supplier to Europe's new digital cellular network operators. Ericsson, the Swedish supplier, installed the first section of One-2-One's network.

Nortel Matra said it won the contract because of its advanced "smart aotenna" technology, giving its cellular base etations for One-2-One's digital Personal Communica-tions Network (PCN) system greeter range than those of other suppliers. In 1990 Northern Telecom

bought STC, one of the UK's largest telecoms suppliers, and has used the UK as a base to expand into mainland Europe.
One-2-One, which now covers only the London region, aims to extend to the UK's top 30 consumptions by 1998 What the conurbations by 1996. With the launch in April of Hutchison Microtel's Orange network, the UK has four cellular mobile operators. Celiular operators in France and Germany will start building PGN networks this





and the growing incomes of the rich

Bottom 10%, median and top 10% incomes after housing costs:

Household equivalent income (2 per week, eiter tex, Jenuary 1984 prices)

4. 4.

STRIDAY II

### Growing number of people earning less than half average national wage, study shows K sees widening of income gap

**Public Policy Editor** 

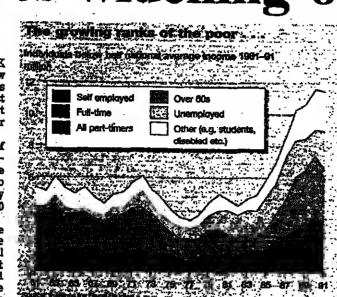
The proportion of the UK population with income below half the national average has more than doubled in the last 30 years, according to a report published by the Institute for Fiscal Studies yesterday.

In 1961, about 10 per cent of the population - 5m people had incomes below half the national average. This fell to just over 3m in 1977, but by 1991 it had risen to to 11m, 20 per cent of the population. The report says that the

share of income going to the poorest tenth in society fell from 4.2 per cent to 3 per cent in 1991, with most of the fall occurring in the 1980s. The share of the richest tenth rose from 22 per cent to 25 per cent over the three decades.

The report is based on a study of living standards in the UK over the past three decades funded by the Joseph Rowntree Foundation, the social research organisation. It shows that the income of

the poorest tenth increased 57 per cent between 1961 and 1991. The income of the richest tenth rose by 113 per cent, while average incomes grew by However, rising housing



costs mean that the income of the bottom tenth net of housing costs barely rose over the three decades. For this group, income after housing costs was no higher in real terms in 1991 than in 1967. The income of the richest tenth after housing costs almost doubled in this period. The report also shows that the long-term rise in mployment has become a significant factor in the changing pattern of low incomes dur-

Families with children now count for almost 50 per cent of those on less than half aver age income, compared with just over a third in 1961.

There has also been increase in the number of self-employed at the bottom of the income scale, reporting very low or zero profits. The report says their growth in the 1980s suggests that some are forced into insecure and lowincome forms of self-employ-

67 69 71 73 75 77 79 61 65 65 67 69 9 The number of pensioners below half average income, which fell from 2.3m to just

- Top 10%

sion and average earnings is largely responsible for the surge, the study says. Part of the growth in inequality is caused by grow-

under 1m between 1961 and the early 1980s, has risen sharply

to 3.4m in 1991. The ending of

the link between the state pen-

ing inequalities in earnings, But inequality of income

from self-employment and investments is growing faster and becoming increasingly

The rise in inequality during tha 1980s dwarfs the fluctuations in inequality in the 1960s and 1970s, the report says. It also finds that average incomes have grown steadily more quickly since 1960 in the south of England than in the rest of the UK.

Editorial Comment, Page 15

Банк ING

### Legal climbdown on student selection

More than 250 students who had been denied places at barristers' training school by a controversial new selection procedure which ignored degree results have now been accepted, following a climbdown by the administrators of the legal profession, Robert

Rice writes. The new system was based on a mixture of academic qualifications and psychometric tests. It was designed to pick the best 800 from a record 2,400 applicants for the one-year vocational course the only route to becoming a barrister.

But the procedure provoked outrage among students and university law teachers after bundreds of students with first class and 2.1 degrees, including nore than 60 who had been awarded scholarships by the four Inns of Court, were

The selection system had also been criticised for discriminating against ethnic minorities and women. Of the additional offers, 42 per cent were made to women and 19 per cent to ethnic minority stu-

### Britain will seek exemption from **Euro-plug rules**

Mr Michael Heseltine vesterday committed the government to seeking an exemption from any attempt by the European Union to standardise electric plugs and sockets.

But as the trade and industry secretary played down any suggestion that such a move was imminent, be appeared to acknowledge that it would be impossible to block through use of the national veto. Pressed on whether standar

disation could be pushed through under the majority voting system applicable to the single European market, Mr Heseltine insisted that present discussions within Cenelec. the European standards body, did not amount to firm propos-

Speaking during the European elections campaign. Mr Heseltine said that the government had commissioned a study of the costs of such a ewitch to "arm itself" against the possibility of e proposal

from Brussels. The DTI study says UK consumers would face a bill of £78m a year for 40 years if the was a "non-issue", said Mr Heseltine: "We now have the facts. If proposals do emerge, we want very much to be in the position where we can ecure a derogation for

Cenelec is working on the final draft of a common standard for plugs and sockets across Europe. The draft will then go to national standards

councils for approval. Mr Heseltine also yesterday flatly rejected any easing of restrictions which prevent British Telecommunications from using its network to provide entertainment service

As the Labour party used the launch of an industrial competitiveness document to pledge it would scrap the ban, Mr Heseltine insisted that any such move would represent a "grave breach of trust" by the

Accusing Labour of irrespon sible opposition politics, Mr Heseltine said the restrictions had been introduced to allow other companies to catch up with BT's monopoly when it

#### British Chambers of Commerce meeting

### **Business leaders** 'must recognise responsibilities'

By Paul Cheeseright, Midlands Correspondent

Boards of UK companies will have to give greater recogni-tion to their responsibilities towards employees and society, Sir Adrian Cadbury, chairman of the committee on corporate governance, warned yesterday. Speaking in Birmingham to 500 executives at the annual conference of the British Chambers of Commerce, he. said this could form part of a process which would bring about some convergence between British and continen-

tal European practice. Underlying his remarks was the thought that the form of company boards will change, given UK membership of the European Union. Sir Adrian said the UK viewed a company as a capitalist enterprise, while those in continental Europe saw it as a coalition of interests and partnership between

capital and labour. Sir Adrian said that if there was to be a convergence between these two notions British boards would have to recognise a wider responsibil-ity while continental companies would have to pay "more regard to shareholders' rights nd Auglo-American standards of disclosure, especially if they want to tap international

sources of equity finance". Another speaker, Mr Paddy Ashdown, Liberal Democrat leader, told the conference that chambers of commerce should be given a statutory role, as they have in Germany. Companies would have to belong to the local chamber and in return they would have the benefit of a single voice when speaking to government and a single framework for training. But he made his strongest single market.

Some of the money raised by Britain's new national lottery could be used to clothe British politicians in the best British tailoring, Ms Jean Muir, the veteran fashion designer, and a former designer for Jaeger, suggested to conference

She said Savile Row tailoring had infinenced the world: "The Italians built an industry on it, Americans aspire to it. The Japanese flock to buy the very wonderful best-quality men's cloth we really still do make in this

"But wouldn't we all really feel better if all the bodies of our politicians of whatever shape, size and denomination were clad everyday in the great talloring of this country. We may even approve a bit from the ubiquitous lottery to

pay for it."
Mr Paddy Ashdown, the Liberal Democrat leader, told delegates be dressed "courtesy of Marks & Spencer."

comments to advocate a stronger voice for the UK in the EU, a subject about which smaller companies have a distinctly cool view, a survey by the British Chambers of Commerce

The survey of 364 small companies found 72 per cent opposed to the EU becoming responsible for wider areas of

But 60 per cent of the companies said they had not been affected by the single European market and slightly more did not know the name of their member of the European parliament.

More than half claimed to have had no benefits from the

# открывается в Москве (ING Bank opens in Moscow.) ING BANK MOSCOW

### **BMW** chief sets cost-cut target

By Paul Cheeseright

Further attacks on costs at the combined BMW-Rover motor group have been foreshadowed by Mr Bernd Pischetsrieder, the BMW chairman. Speaking at the British

Chambers of Commerce conference, he said that, in the European motor industry, "the objective is to reduce the general level of costs by between 20 per cent and 30 per cent within two years."

Both BMW and Rover had

been "farsighted enough to start this process of restructuring in good time, in this way coming out of the recession without any major problems," Mr Pischetarieder said.

He did not specify how much further the restructuring in both companies had to go. "We have to increase productivity by four to five per cent a year on an ongoing basis."
But he indicated that Rover

would be allowed to continue

its restructuring indepen-"It is not our objective to integrate and bring together as many corporate functions as

cially reducing our costs. Instead, we wish to pool the specific skills and abilities of the two companies, working together to capitalise on our larger market," he said. Mr Pischetsrieder sought to

allay continuing fears that Rover's interests will be progressively subordinated to those of BMW. "There will be no overriding

holding company, the two com-panies being guided instead by joint committees," he said. He said Rover would maintain its research and development capacity. To have an individual car company as a partner in the UK, we have to maintain the canacity for R&D in the UK and even to increase

The Rover 800 model will be replaced, even though in some respects it competes with BMW models.

Mr Pischetsrieder said that Rover sales in Germany had increased by 100 per cent in the last two months and production volumes were 25 per cent higher than a year

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# **Tories 'face disaster'** in European election

Political Correspondent

Mr John Major last night hardened the tone of hia attacks on European integration as an opinion poli suggested that the Conservatives face disaster in the elec-

tions on Thursday.

A Gallup poll in today's
Daily Telegraph newspaper puts the Conservatives in third place hehind the Liheral Democrats and more than 30 percentage points behind

It estimates support for the Conservatives at just 21 per cent compared with 21.5 per cent for the Liberal Democrats, and 54 per cent for Labour.

The gap between the Conservatives and Labour is the hig-gest since the debacle over the poll tax in 1989, when it stood at around 30 percentage points.

The poll suggests thet Labour that is on course for a landslide victory in the European elections, while the Conservatives

could he reduced to e handful of seats. The only consolation for the Conservatives is that the poll was carried out between May 25 and May 30 - before the

prime minister launched an

ettack on EU integration at e

rally on Tuesday. Conservative strategists believe that his concept of a multi-speed Europe, in which member states progress at dif-ferent speeds, offers the best hope of persuading Tory sup-

porters to vote. Senior officials said last night's speech was intended to shore up the Conservatives' Image as the strongest defender of British rights in

in his most forthright comments of the campaign, Mr Major said he was unrepentant about his criticisms of the EU, and insisted thet "Europe has gone wrong in recent years". He pledged to campaign for an open Europe in which the weight of hureaucracy and reg-ulation was dramatically reduced and which was not

elite circle of politicians and

Mr Major said he would not moderate his approach to Europe, which has been criticised by European political leaders, including Mr Leo Tinde-mans, head of the European Peoples' Party gronping, to which Conservative MEPs are

"I will ha critical where I must. Difficult if I have to be. I would rather speak up and put the case for what I know to be right for Britain, than clink glasses in agreement with something that is wrong," he

The Gallup poli is likely to trigger renewed speculation about Mr Major's vulnerability to a leadership challenge in the

However, Mr Major diamissed suggestions that be might be forced from office hy a poor election result. "My situation would be exactly as it is now. I will continue to carry on the work I am doing." said on BBC local radio.



Admiral William J Crowe, the new US ambassador to the Court of St James, leaves his embassy yesterday for Buckingham Palace to present his credentials to the Queen. Ambassador Crowe, 69, is a former commander in chief, Allied Forces in southern Europe, and for four years served as chairman of the joint chiefs of staff under President Ronald Reagan

#### Britain in brief



#### Rate warning as house prices fall

Halifax Building Society, Britain's biggest mortgage lender, has reported the biggest monthly fall in bouse prices for 12 months and warned the chancellor not to damage the fragile housing market by raising interest

Hallfax said UK house prices fell on average by 1.6 per cent during May compared with the previous month. It is the second month in succession that the society has reported e price fall. In April,

prices fell 0.3 per cent. Mr John Wriglesworth, housing analyst with stockbroker UBS, said he was halving his forecast for bouse price increases in 1994 year from 7 per cent to 3.5 per cent after the Halifax survey, "This is a serious wobble on the road

to recovery," he said.
Tax increases in April and a rush to complete purchases ahead of the ending of fixed price mortgages, which caused a bunching of sales earlier this year, were the most likely causes for the decline, it said.

#### **Commercial** rents rise

Commercial property rents have risen for the first time since 1990, according to figures from Hillier Parker, chartered surveyors. This is further evidence of a turnaround in the rental market, which has fallen steeply in recent years as a result of the recession and an oversupply of property.

Average property rents, which bottomed out at the start of the year, have risen by 0.8 per cent over the past three months.

#### Scott declines to alter inquiry

Lord Justice Scott has rejected a call from the Labour opposition party to extend the terms of reference of his arms-for-Iraq inquiry.
A letter signed by the

Christopher Muttukumaru states: "He [the judge] believes that to seek to extend the terms of reference as you suggest will cause unacceptable delay." Lord Justice Scott has said he believes it is in the public interest for his final report to be published as soon as

inquiry's secretary, Mr

Earlier this week Labour arged the judge to extend his inquiry to bankers and businessmen who have been

involved in Britain's arms trade with the Middle East. The judge was also pressed to extend the time period covered by his inquiry. Mr Muttukumaru says "relevant

evidence" from some businessmen "is being, and will be obtained". He makes clear that the judge is poised to start writing his report for publication before Christmas after gathering evidence, mainly from civil servants and ministers

#### Walker 'driving force' in fraud

Mr George Walker, former chairman and chief executive of Brent Walker, the property and leisure group, fraudulently inflated the company's profits in the mid 1980s to mislead investors and creditors about the financial health of his business empire, it was alleged at the Old Bailey yesterday. Mr Walker was the "driving

force" behind a fraud which

Introductions to angels

three charges of false

accounting and one of

conspiring to falsify the

deny all the charges.

company's accounts. Both men

group finance director.

A national database designed to bring together private

also involved the theft of £17m from the company and complex misrepresentations "angels" – and unlisted companies requiring risk capital has been launched in of the company's accounts to conceal the dishonesty from the outside world, the Enterprise Adventure, the prosecution told the jury on the first day of the trial of Mr Walker and Mr Wilfred

private company which is launching Venturelist, will join other UK introduction Aquilina, former Brent Walker services trying to marry investors and companies. Mr Walker faces four charges Similar agencies heve of theft involving a total of attempted to launch national £17m, two charges of false databases before, but accounting and one of conspiring to falsify the Brent Venturelist is the first attempt to provide the service Walker accounts to overstate electronically, allowing angels the company's profits and to access the system through assets. Mr Aquilina faces one e personal computer. charge of the theft of £4.5m,

#### Gas pricing system agreed

Ofgas, the gas industry regulator, has broadly accepted a proposed pricing system put forward by British Gas for the use of its transportation and storage system by its own trading arms and commercial rivals. The regulator said the

new methodology would lead to a price reduction of 2.7 per cent in October. The system will for the first

time apportion the costs of sending gas through the different tiers of the national gas grid. The decision clears the way for the separation of British Gas' two trading arms - Contract Trading and Public Gas Supply - from TransCo, the new name for the company's pipeline and storage division. The introduction of competition and the need to separate trading and transportation functions has required the former monopoly

to devise pricing guidelines.

#### Robert Mauthner

A service of thanksgiving for the life of Robert Mauthner, Diplomatic Editor of the Financial Times, who died on May 18, will take place at St Bride's Church, Fleet Street, London, on June 29 at 12 noon

### VAT-man calls time on drinks 'for work'

By Andrew Jack

Strawberries at Wimbledon have long been ineligible, but businesses may soon be unable to claim back-tax on their costs at trade fairs if they offer their clients e beer.

HM Customs & Excise yesterday threatened e clamp-down on corporate hospitality in response to over-enthusiastic claims by companies for rebates of value added tax on

business entertainment. The agency believes goods or services bought for business entertainment should not be eligible for VAT refunds, even if they are partly used for other more serious and sober

business activities. European and English law has long prevented VAT relief on pure business hospitality, but it has left e grey area when it comes to other husiness activities which include an element of entertainment, for example, trade fairs. In the light of a series of contradictory VAT tribunal and court judgments, Customs said it would seek guidance from the

courts. The problem started with a small company based in Car-diff, which tried to claim back as office expenses some of the VAT on its costs for maintaining a box at Cardiff Arms Park, the Welsh national rugby sta-dium. The company insisted it used the box primarily as an office and only incidentally for entertaining clients at the weekend. The VAT tribunal was unconvinced and forbade

It took the same sceptical view of a rebate claim from Thorn-EMI, which asked for VAT back on some of the costs of running its hospitality cha-let at the Farnborough Air-

But the High Court upheld the company's claim in March, arguing that its chalets were temporary offices and that it was possible to apportion expenses between business and entertainment costs. Customs said it would take the case to the court of appeal.

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World round-up

Notherlands: AXE switching equipment

and services worth SEK 800 million are to

be supplied to PTT Telecom Netherlands,

for use in the public telecommunications

Lebanon: Encsson is to help rebuild and

expand telecom services in Lebanon,

including part of the capital Beirut. A turn-

key contract worth USD 150 million from

the Lebenese Ministry of Post and

Telecommunications includes an access and transport network, buildings, support

China: Ericsson has won the largest ever

mobile telephony contract in China. Worth

USD 200 million, it involves a major

axpanaion of the mobile natwork in

Guangdong province. It takes Ericsson's

total sales of cellular systems in China to

Ecuador: With 25,000 lines, the new

Ericsson AXE transit exchange in Quito is

Ecuedor's largest. Installation was

completed by Ericsson in just 12 weeks

Moscow: The Ericsson EDACS trunked

digital radio system has been selected for

security communications in the Moscow

area by the Chief Directorate of the Security

Guarda of the Rusaien Federation

(KRISMLIN). There are over 200 EDACS

systems in service with police forces, public

Malaysia: Ericsson transport network

equipment worth up to SEK 400 million is

to be deployed in the Malaysian public

telephone network. The order from Telekom

Malaysia covers transmission equipment

and the new generation of Synchronous

Digital Hierarchy (SDH) transport network

utilities and government departm

North America, Europe and Asia.

more than 1,300,000 subscribers.

from receipt of the letter of credit.

network.

and training.

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### New ATM broadband system presented in USA

Ericsson chose the Supercomm '94 exhibition for the US introduction of its naw switching system to support broadband and multimedia telecommunications services.

The new system is based on asynchronous transfer mode (ATM) technology, and can be used for transport, switching and management applications in multiservice networks.

Now that the concept of mobile telephony

is well established, the next big challenge

is how to support subscriber mobility on

telephony', or 'personal communications

industry experts lalk about 'personal

a much wider scale.

services'. What this

means is a truty mass

markel service in

which everyone can

afford a pocket

phone, to make and

receive calls at

home, work, or

enywhere else -

indoors or outdoors.

will call for naw

developments in

technologies.

includina switchina

intelligence, nat

work and service

management, and

crucial factor is a

radio network intra-

structure able to

handla extremely

large numbers of

subscribers, and

allowing capacity and

coverage to be tailored flexibly.

Ericsson believes that the solution for

the next generation of services (up to

about the year 2000) lies in a hierarchical

cell structure. It is a devalopment of the

radio structures used in today's GSM end

other digital mobile telephone networks.

radio intrastructure of layers of radio cells.

There would be pico cells of 10-30

metres, 'micro cells' of a couple of

hundred metres, and 'macro cells' of a

lew kilometres. In addition, there could be

giant cells provided by satellite services.

The company loresees a network

However, the

Such services

Cutting service 'time-to-market' Rathar than adapt an existing system, Ericsson chose to develop a completely new switching platform to meet long-term broadband service needs.

A patented ATM Pipa Switch architecture allows the systam to be conligurad for a variety of different applications.

A pico cell could serve an individual

comdor in an office building; a micro cell

e shopping centre. These are essentially

lor users moving slowly. A macro cell

would serve e rural area, or be used as

an umbrella cell for an urban area with

The emphasis is on rapid deployment

Layer upon layer of radio cells

for total service flexibility

Technology briefing: Personal communications services

1000

· \*\* 1.

high population density.

With a combination of the various cell

With new digital radio transmission

lypes, the network can be leilored

according to damographic lactors and

lechnologies allowing techniques such as

frequency hopping and adaptive channel

allocation, this layered cell structure will

provide the required capacity and

structure are expected to come on stream

The lirst systems using this call

flexibility for personal telephony.

in 1995 in Europe and the USA.

and customisation of services throughout Iha network, so new and enhanced services can be brought to market quickly, and easily cuatomisad in lina with changing market needs.

In Europe, Ericsson has announced that the naw system is being used in ATM field trials with Deutsche Bundespost In Germany, SIP in Italy, Telia in Sweden and Telefónica in Spain.

Shrinking the radio base station

One slap towards tha new peraonal

communication services is the launch of

new-ganeration compact radio hasa

Ericsson's second genaration of radio base stations for GSM 900, DCS 1800

end DCS 1900 solutions. It is designed

tor indoor or outdoor use, and will be ideal

lor the pico cell sizes to be used in

personal communication services. Tha

new unit is easy to install, and can be-

operational within one hour of delivery.

bookings for ten

Ericsson's nal sales rose by 24

percent to SEK 15,983 million in the

first quarter of 1994, compared to the

Pre-tax income nearly doubled to

SEK 813m, and order bookings were

up by 23 percent to SEK 21,499m.

This is mainly ettributable to very

strong expansion in the Radio

results, Enceson CEO Lars Ramqvist

said, This is the tenth consecutive

quarter in which order bookings have

risen. The year has begun well, and I

foresae a continued favourable

development of operations for the

Ericsson's sales. The largest single

market is the US (12 percent), followed

by Sweden and Italy. China now ranks

fourth, accounting for eight percent of

Europe accounte for helf of

remainder of 1994."

Commenting on the first quarter

ations business area.

corresponding period of last year.

Rise in order

consecutive

quarters

The new RBS 2000 concept is

stations from Ericsson.



MINI-LINK Microwave Radios offer last and flexible transmission solutions for cellular and other important networks. The latest version of the radio, now in operation in 74 countries worldwide, is MINI-LINK 15C. Small and lightweight, it facilitates site-selection, installation and commissioning.

#### Collaboration for multimedia business connectivity

In a move to extend the scope of multimedia computing in corporate organisations, Ericsson has formed a strategic alliance with National Semiconductor.

The companies will work on business communications solutions based on iaoENET™, an emerging networking standard for multimedia applications such as PC videoconferencing.

isoENET™ is en extension of Ethamat and uses axisting Ethernat wiring. Whare Ethernel supports data communications, isoENET<sup>TM</sup> additionally supports real-time communications, such as interactive voice and video over both local and wide area networks.

#### **Ericsson wins** top BT award

The Ericsson AXE switching system has been chosen by BT as the overall winner in its 1993 Network Product Quality

The judges were impressed by the general product quality, by Ericsson'a manufacturing quality control, and by the customer response and delivery record. Scorea were aspecially high in field

At the end of 1993 there were over 1300 AXE exchanges in operation in BT's UK natwork, serving soma 4.3 million

#### Radio access speeds network

growth in Hungary Ericsson has been awarded a contract to supply specialised radio equipment to connect subscribers in Budapest to the

and the state of the state of

public telephone network. Instead of being linked to the AXE axchangas in tha city's natwork by convantional coppar wires, new subscribers will be connected via a radio access network. In this 'radio in tha local loop' approach, each aubscriber will receive a small radio terminal into which a standard telephone is plugged. The radio access can be used for voice, fax

and data communications. Ericsson is to supply equipment for 8,500 radio-connected aubecribers. Hungarian Talecom Company (HTC) expects the move will speed up the pace ol network and traffic growth, and cut waiting lists for telephones.

Tha equipment to be supplied is Ericsson's RAS 1000 system, the latest version of the RLL system which has been working for two years.

#### Large network management order in Australia

Telecom Australia is to base its future network management on TMOS operation support technology and Ericsson Hewlett-Packard Telecommunications products. TMOS management eystems will

operate from later this year, to eventually handle some 8 million digital lines. TMOS builds on established open computing standards such as UNIX and

OpenView, and is being widely adopted by telecom network operators. Nearly 100 TMOS-based management systems are in operation in 27 countries.

#### Small phones: big news, big award The GH 337, Ericsson's new digital

products.

phone, was unveiled at this year's CeBIT fair in Hannover. It is the amallest on the markel and contains a new inlarfaca thal makes it easier to use. Designed for use on the GSM

digital network, it weighs a mere 193 gm, including e light standard battery, yet gives 18 hours standby time and 100 minutes talk time.

A new key set makes extensive use ol arrow keys to guide the user to the required function on the display.

Thia phone hee been fully type approved according to the European Union Mobile Telephony directiva, mandatory from January 1995.

Tha Ericsson GH 197 mobile phone has been awarded the 1994 CAESAR award in the GSM category against all other mobile

phones on the UK market. The awards are given by Celinet, a UK celiular mobile telephone ⊓*etwork* operator.

Telefonaktiebolaget LM Ericsson. S-126 25, Stockholm, Sweden.

Ericsson's 70,000 employees are active in more than 100 countries. Their combined experience in switching, radio and networking makes Ericsson a world leader in halocomysticate.

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VAT-man calls time

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# George Orwell's 1994

Simon Gibson explains why the language that a company uses can have a direct effect on its financial performance

company's fortunes are expressed by its figures, but its future is caught in its language. While numbers are merely red or black, the words that a company uses in its corporate speeches, articles and annual reports open up a window on the way that maoagement is Thinking. Indeed, they show whether it is thinking at all.

Companies today are required to communicate more regularly than ever before, both to internal and external audiences. Maoy cope admirably, many others fail. All too often executives resort to manage ment-speak rather than using clear and original expression.

The struggle against the corruption of the language goes beyond the concern of the corporate communications director - it is a buslness issue, Indeed, one can argue that the language that a company uses can have a direct effect on its financial performance.

The enemies of clear expression are not unique to the world of business. They are language's common foe, giveo new clothing. In one of the great essays on this subject, Politics and the English Language, George Orwell listed a number of "bad habits which spread by imitation", which he believed were signs of the corruption of political thought at that time,

These bad habits included: pretentious diction. meaningless words, dead metaphors, hackneyed phrases, clicbe and jargon. It is a list that one could level at today's business communicatioos with

equal legitimacy.
Perhaps the most obvious villain is jargon. The language of business is full of it: empowerment, downsizing, proactive, business re-engineering, networking. These are just a few of the jargon words that are trotted out at innumerable business

meetings. The argument is not specifically against industry coining technical words to describe its processes, but rather against the misuse of such technical terms, indeed, certain industries have built up their own vocabulary of technical words that

when used are quite precise. Frequently, the problem occurs when words are borrowed from other activities in an effort to mys-tify the business of business. For example, "downsizing the beadcount" sounds more cerebral, worthy and expensive than "giving peo-



ple the sack". Equally, it seems that everyone who has been given the sack recently has not been made redundant, but has become a con-

Consultants are ofteo the worst offeoders when it comes to the use of jargon, presumably in the vain attempt to remain part of the corpo-

Some will see these accusations of the corruption of language as a crusade against Americanisation, it is not. Silicon Valley may be responsible for some of the worst excesses of techno-babble, but these are only injurious when misused. Again "downslzing" is a good example. When applied to computers it is a forgiveably neat way to describe the migration from mainframe to clientserver technology; applied to people Nor is the argument an elitist

one, part of an effort to protect the purity of our culture in the way that the French establishment is currently attempting.

The argument is simply against the use of language without meaning or with false meaning. Too often meaningless words or phrases are used simply to indicate that the speaker belongs to the middle management club. "Vision", "cbal-lenge", "short-termism", "whither", "I hear where you're coming from", "we need to manage change "think global, act local" are all typical examples. Describing business partnerships as "getting into bed mon example of this trait; often heard in the 1980s it has fortunately gone out of fashion.

Another feature of this language of acceptance is what one might term the proposition of the indisput-

able. For instance, phrases such as "people are our most important asset", "I'm with Cadbury on that one" or "we are committed to giv-ing our shareholders e sound return on their investment", are all so pal-pably blessed with holy oil that no one would dare argue against them. Anyone caught using them is probably begging as many questions as they are attempting to answer. When was the last time you can

remember someone daring to question a speaker who extolled the val-ues of "total quality management" or of being "market-driven"? Yet phrasea such as these are frequently misused and most often employed by people who have not thought sufficiently about quality or the marketplace. They are

merely camouflage.

Without them, without cliche, jargon and other dead language, most businesses would work better. So what should govern the way that companies and those in business

express themselves? Prescriptive lists are always dangerous. Language is far too individ-ual to be shackled by too many rules. However, there are good guidelines. Orwell suggested the fol-

 Never use a metaphor, simile or other figure of speech which you are used to seeing in print. Never use a long word when a

short one will do. If it is possible to cut a word out. always cut it out. Never use the passive where you can use the active,

 Never use a foreign phrase, a scientific word or a jargon word if you can think of an everyday English equivalent, Break any of these rules rather

than say anything that is outright These guidelines are still sound. If a company were to banish the bad

habits and take up Orwell's principles, managers would have less camouflage to hide behind. Employees would be more likely to think for themselves. In the process some startling

things might be discovered: for example, that people may not be the most important asset of the company or that shareholder value may not be the only golden rule for senior management. Above all, clear language both encourages and reflects clarity of thought and, in business, isn't that the only real asset a company can depend upon?

CHRISTOPHER LORENZ

## Top dogs bark up the wrong tree

It is time top managers admitted the truth. Most of them are indulging in a convenient hnt simplistic fic-tion when they repeat the stan-

dard mantra that the biggest barrier to radical change in their organisations is front-line employees or, more often, middle management. The reality is frequently much more painful: that the most intransigent

group is top management itself.

In a few high-profile cases over the past couple of years, this has become so nbvions that nutside directors or institutional share-holders have been forced to have the top man removed. Notable examples include Digital, General Motors, IBM and Kodak to the US, and Midland Bank in the UK.

action was taken long after the top man had caused serious dam-age in one of several ways: by allowing the first sparks of the company'a atrategic crisis to develop into what experts in change call a fully-fiedged "burn-ing platform"; by failing to douse flames which were already burning when be took over; or by failing to change the team - whether literally or figuratively.

It is far from unknown for recalcitrant members of a top team to be elbowed or frezen out by its leader, or by their peers. But, all too often, top-level resistance to radical change in strategy, organisation or culture is tolerated by executive colleagues reluctant to invite criticism of themselves, or hy ontside directors loath to rock the boat. Sometimes, as the top team directs all its attention to the minions below, it does not even recognise that It has a prob-

em itself. In the past three weeks I have attended two discussion dinners of top managers trying to grapple with change. The first was billed by the organisers as focusing purely on the top team. The second was more wide-ranging, but promised to include some debate about the top.

On each occasion, discussion slipped quickly away from "us" on to much more comfortable ground:

what "we" can do to get "them" to become more flexible, customer-

The same phenomenon was to evidence last week at a conference on radical change, when a string of top managers blamed their organisations' inflexibility and other inadequacies on what several called the "mushy middle".

All of which makes very timely a research project which Don Laurie, a consultant, has undertaken into what he calls the changing "work of e leader" in improving the customer-responsiveness of organisations.

Unlike the usual sort of wide-eyed study of leaders' charac-teristics, Laurie concentrates on the actions they actually take. He focuses mainly on the top, although he also deals with the

As the top team directs all its attention to the minions below, it does not even recognise that it has a problem itself

need for "distributed leadership" at all levels of an organisation. His research, which he is turn-ing late a book, has one obvious limitatinn. It relies beavily ou one-to-one interviews with a blue-chip (all-male) list of two dozen high-profile US and European chairmen, chief executives, presidents and managing direc-tors. They include Sir Colin Mar-shall of British Airways, Jan Timmer of Philips, the electronics group, Elserino Piol of Olivetti, John Duerden of Reebok International, and the heads of Goldman Sachs and Chemical Bank in

So the study's findings are col-oured heavily by the leaders' self-perception, although this is tempered by Laurie's own experienced judgment. But his focus on the top man and his team provides insights aplenty, especially into the prevalence at that level of deep-seated resistance to change.

very different from the traditional exercise of authority and power, and the handing down of detailed, "technical" solutions, Laurie con-cludes. "An ewful lot of leaders are authority figures, they're not performing the act of leadership,"

he complains.
That consists of mobilising the people in an organisation to confront difficult problems themselves, and helping them adapt to the challenges and uncertainty which arise as a result. Paradoxically, in addition to lis-

tening, "coaching" and other supportive behaviour, this often involves maintaining a fair degree of instability in the organisation. One obvious source of resistance to change which Laurie ideotifies is the preponderance of controltypes on most top teams, and the lack of creative minds. Another is the tendency of many top managers to behave, not as a cohesive team, but as warring barons, each defending their own departmental, divisional or personal constituency; Laurie quotes a colleague's view that "a top team working together is an oxymoron".

A more surprising cause of resistance is the failure of many chairmen and chief executives to listen to their top colleagues, to understand them as ludividoals. to perceive clearly their strengths and weaknesses. Bernard Fnur-nier, bead of Rank Xerox, places particular emphasis on overcoming what he calls people'a "unconscions incompetence". This can only be done by communal learning from mistakes, he says.

That, in turn, requires real openness and considerable argument - the lack of which, says Laurie, is a further cause of resistance at the top. Without openness, recalcitrant team members will avoid commitment at meetings, and then reinterpret supposed agreements. Or they will sabotage a decision - usually by blackening a colleague's reputa-

As Laurie argues, the instinct of many top managers is to continue furthering their own interests. They are loath to become team players - and then to challenge much of what they have stood for. eep-seated resistance to change.

Effective modern leadership is the people beneath them.

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Notice is hereby given that the creditors of the slow-canned company which is being voluntarily wound up are required on or before the 2nd day of 1041 1994 to send in their tell annes, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if may) to the undersigned 4th Annorsy Helf Rousses FCCA of Julia House, 3 Thumistocles Dervis Street, PO Boe 1612, Niconia, Cyprina, the Hopoldator of the said company, and if so required by notice is writing from the said liquidator, to come in and prove their said debts or claims at such those and place as shall be specified in such notice, or in definal thereof they will be excluded from the beauth of any distribution made hefore much debts and proved.

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**FINANCIAL TIMES** 

#### CONTRACTS & TENDERS

PETROBRAS

ANNOUNCEMENT OF THE BIDDING PACKAGE FOR AN INTERNATIONAL CALL FOR BIDS - REVAP - 41/93 SUMMARY OF THE BIDDING PACKAGE

PETRÓLEO BRASILEIRO S.A. - PETROBRÁS, through its industrial Department - DEPIN, makes public its intention to carry out en INTERNATIONAL CALL FOR BIOS in order to contract for the INTERNATIONAL CALL FOR BIOS in order to contract to the development, supply and installation of industrial automation systems in Tenk Farms of the Henrique Lage Relinery - REVAP in São José dos Campos, SP, Brazil, and the Paulink Relinery - REVAL in Paulinia, SP, Brazil, including blending optimization, automated procedures, movements management in line-ups and tanks. The time period for completion of the contract is 30 months, been 22 months for execution of the services. The Bidding Package is in accordance with Brazilian Law 8,656 of June 21, 1993 and Decree Nº 1,070 of March 2, 1994.

2. The public notice in its entirety may be consuited end/or obtained beginning on June 2, 1994 at one of the tollowing locations:

e) at the company's New York office (ESNOR), Avenue of the Americas 1330. 16th licor (NY 10019), USA.

b) at the London office (ESLON), 197, Knightsbridge, tel ticor; LONDON SW7 1R2, England.

c) at PETROBRÁS headquarters (EDISE), Avenida Chile, 65 - 21st ticor, room 2158 DEPIN/DITEP/SEOPRO - Rio de Janeiro, RJ, Brazil.

d) et the Henrique Lage Refinery - REVAP, Rodovia Pres. Dutra, Km 147 - 530 José dos Cempos, SP, Brazil.

2.1 - The document will only be distributed to those who present the tollowing items:

a) Proof of deposit of the US\$500.00 tee.

2.1 • The document will only be distributed to those who present the tollowing items:

a) Proof of deposit of the US\$500.00 fee.
b) Letter containing the complete name of the company, CGC (corporate taxpayer registration) number, address, lelephone number, lax number and contect person, indicating in addition "Relinata Handque Lege REVAP - Edital de CONCORRÊNCIA INTERNACIONAL REVAP - 41/93."

112 AP - 4 1/25.

2.2 - The form for the benk deposit mentioned above may be obtained at the same addresses listed in item 2.1.

2.3 - Deposits made in Brazil in local currency will have as a back for

2.3 - Deposits made in Brazil in local currency will have as a basis for calculating equivalency the exchange rate for selling U.S dollers set by the Barico Central do Brazil on the day before the deposit date.

3. The Oualification documentation shall be handed over at the Head Office building of the Henrique Lage Railnery - REVAP, located at Rodovia Presidente Dutra, Km 147, CEP 12220-540 in the city of São José dos Campos, Stete of São Paulo, ârazil, at 9:30 a.m. on August 4, 1994, at which time the Elegibility envelope will be opened and the documents it contains will begin to be analyzed.

BIDDING COMMISSION

PETROBRAS

INTERNATIONAL COMPETITIVE BIDDING NOTICE BIDDING NOTICE Nº 874-81-0002/93 Petróleo Brasileiro G.A. - PETROBRAS informs that the describe for bid submission has been postponed to July 28th, 1994. The address end time stablished in the bidding notices remain unaffeced. BIDDING COMMITTEE

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THE BUILDING ACT

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vote in the Bundestag, the lower house of parliament, in Chicolates June 1991 following unification the appearance of madein - would take place by 1996, but the move has now been postponed to the end of the decade. On Wednesday, the cabinet Management of the state of the agreed on where ministries would be located in Berlin. However, because of soaring Mirpalina kralina in colonia an costs, not all ministries will be The Better ton housed in new buildings, as originally envisaged. Many Man desired ministries will be put into old machille in the others buildings which housed the proposed control of former imperial, Nazi and com-munist administrations.

The finance and economics ministers will move to the building which now houses the Trenhand privatisation agency (originally the headquarters of the Luitwatte). The chancellery will be one of the few institutions to be given a new site, close to the former Reichstag parliament building.

initially, Mr Kohl said the

The sharply scaled-back plan will save about DM1bn (£400m), reducing the overall cost to DM20bn.

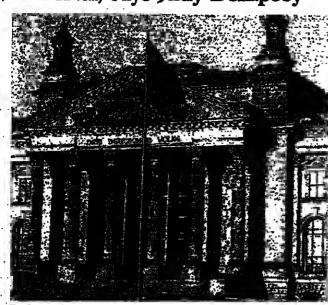
This week's decision comes as an anti-climax for Berlin's property developers, which had been expecting a bonanza in either renovation work or new constructions, but at a much earlier stage.

'Wa cannot wait around for Bonn to make up its mind. We just have to get on with it," said Mr Michael Spies, manager of Tishman Speyer, a US company which is building an office and retailing complex along Friedrichstrasse, in the Mitte, the old heart of Berlin.

The government's decision to make Berlin the new capital of united Germany has had a big impact on property prices in the city. When the Berlin Wall was breached in November 1989, developers rushed to the eastern part of the city. Over the next two years, prices soared. However, the government's delay in moving to Berlin has frustrated the market; leading to a price correction: office rents in prime locations, which reached a peak in 1991 of about DM120 a square metre, have fallen to between DM60 sq m and DM70 sq m,

Tenant in the hancellor Helmnt Rohl's dithering over setting a date for the final transfer of the sovernment from Bonn to Berlin is dismaying property developers. The industry driver's seat believes the move could usher

> Developers are losing out in Berlin, says Judy Dempsey



Berlin's Reichstag building, new parliament for united Germany

are big players commanding

total funds exceeding DM20bn.

Property analysts argue that the real weakness of closed-end

funds is that fund managers

cannot always promise a guar-

anteed return on the invest-

ment. "Sometimes these funds

are set up without any guaran-

tee of tenants. There are not

many investors who are ready

to buy buildings which are not pre-leased," said Mr Barker.

Tet with the fall of prop-

erty prices by at least

25 per cent over the

past two years in Ber-

d-end funds' investors -

DM50,000 - could lose money.

projects are still being con-

ROPETITION

long-term lease."

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"The problem for these

elpziger Strasse, to as low as DM45 sq m. The question today is what impact these shifts in prices will have on investors. There are two broad methods of property financing in Germany. In the west, many prop-

erties are financed open-ended funds - dedicated stment vehicles similar to unit trusts. The properties these funds purchase usually have a relatively secure rental flow; however, the funds have few tax advantages. Closed and funds in the east were set up by the federal government in 1991 in a bid to attract investment in property in the region. In contrast to open-ended funds, investors in closed-end runds can set off 50 per cent of

their investment against tax.
"The closed-end funds were attractiva to people who wanted to benefit from the taxbreaks. But investing in property in order to save tax is often a bad move, particularly if the investor does not know how the property market works [such as in the east]. said Mr Guy Barker from property agents Knight Frank and Rutley Immobilien Consulting.

There are about 200 companies operating closed end funds and in some areas such as in the east. Of these, 30 or so land available for development in the west, which could force prices down and prompt western-based business to reasses the need to shift east.

Over the past year, cities in the east have started to set up zoning districts - demarcated areas for development - and have introduced planning controls. Berlin, for instance, is limiting the issue of permits for developments on the outskirts of the city.

"The introduction of zoning means that the investor will get an idea of where to plan, and will eventually be able to get an idea of where the key catchment areas are," said Mr Guy Duckworth, from Healey and Baker, property consultants. Those who moved in early to some parts of east Germany might now be saddled with properties which offer little return on investment because of zoning restrictions. For axample, the Fundis fund, one of the biggest closedend funds in Berlin, acquired a building without tenants or rental guarantees, along the river Spreehogen which loops around the Reichstag. Today tha building is still unlet partly because rental expecta-tions were set too high. But an additional factor deterring prospective tenents was the tough requirements of the zoning policy. Under this policy, tenants

■ George Fairweather, group financial controller of Dixons are required to undertake Group, has been appointed activities designed to build up the zone's infrastructure: tenfinance director of DAWSON INTERNATIONAL on the ants at the Fundis-backed retirement of John Embrey. Nick Castro, formerly a building, for instance, are obliged to complament the partnar in KPMG's London Fraunhofer, the state-backed research and development cenoffice, has been appointed group financial director of tre which is located nearby. YORKSHIRE-TYNE TEES The second factor putting TELEVISION HOLDINGS.

closed end funds under greater pressure is that for the first time since the second world war, there is generally a greater availability of develop able land throughout the country, especially in the west.

lin, property analysts believe With the effects of land rec lamation, mine closures and including many small invesprivatisation the market is tors with average holdings of shifting," said Mr Berthold Wetteskind, chief executive officer of Deutsche Immobilien investors will emerge over the a subsidiary of Deutsche Bank. next two years," said Mr Frank The privatised railways, for Schaick from Immobilien Conmple, now have large plots sulting in Düsseldorf. "Many of land available for develop ment. "The scarcity of land has disappeared," he added, Analysts believe that the

structed and not yet let. The key for any small investor is to opt for a fund which offers a cost of land could still fall, perbaps by as much as 20 per cent. With more land available Two other factors are in the west and with the openincreasing the pressure on the ing up of the east, "the tenant closed-end funds: first, strict planning controls in east Geris now in the driver's seat", many; second, a surplus of said Mr Wetteskind.

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### Abbey National promotes Pople to run its Scottish life subsidiary

Andrew Pople, 36, an ex-Bank of England man who joined Abbey National five years ago, has taken over as chief executive of Scottish Mutual Assurance, its recently-acquired life insurance business.

Abbey National bought Scottish Mutual in January 1992 for £287m with the objective of using its skills to launch Abbey National Life in February 1993. Scottish Mutual chief executive Douglas Patrick, 51, was put on the Abbey National board and given the task of heading the group's life assurance division which contributed £61m of Abbey National's £704m pre-tax profits last year. However, Abbey's rapid expansion into the life assurance industry has been threat-

■ Peter Ellwood, chief

as chairman of VISA

retirement of Henry

INTERNATIONAL on the

executive of TSB Group and

TSB Bank and chairman of

Visa's Europe, Middle East,

Africa board, has been named

ened by the sudden resignation of Patrick, for family reasons. Pople's knowledge of the life assurance industry is limited to what he picked up when he

was helping plan the establish-ment of Abbey National's life assurance startegy, but his

high-fliers. He worked in the Bank of

appointment marks him out as

one of Abbey National's young

England's banking supervision section for three years before University Business School. In 1988 he joined Abbey as strategic planning manager, Life Assurance and in 1992 switched into a line position managing 800 staff and 62 branches in Abbey's central division.

Meanwhile, Abbey bas

getting his MBA from the City

sought to plug the rest of the gap left by Patrick's resignation by giving John Fry, 58, Abbey's group services direc-tor, main board responsibility for the group's life and general

#### Maurice Paterson leaves ScotAm

Tha departure of Maurice Paterson from Scottish Amicable a week today, after 35 years with the life insurer, will leave the post of deputy managing director vacant for a while. Responsibility for sales, which had been Paterson's remit, has been given to a team beaded by Jim Cowan. Roy Nicolson, managing director, said yesterday that while there was a need for a deputy managing director at some stage, that was not his priority at present. "Titles are not that important," he said. The rationale for the change

he said, was the need for a

fresh approach, which had struck him as he looked at the organisation in the light of changes happening to the life industry, such as commission disclosure, and the launch of ScotAm's own European ven ture in Dublin.

He had discussed the ques

tion with Paterson who had concluded that there was not another job at his level within ScotAm that he would be interested in doing. The decision was taken on a friendly basis between the two, who had worked together for more than 30 years: "Wa're still talking."

### Engineering a career at W.S. Atkins

The engineering design and consultancy firm of W.S. Atkins has appointed Helen Stone, who first joined tha company in 1972 as a graduate engineer, as managing director of W.S. Atkins Structural Engineering (ona of some 25 divisions within the company). She will be responsible for its engineers in the UK and overseas. W.S. Atkins has a history stretching back to 1938, when William Atkins - who died in 1989 - first registered the firm as W.S. Atkins Partners. Mostly engaged in defence contracts during the war years, the firm's first real coup was to

be awarded tha contract to

design and supervise the build-

ing of Britain's first large post-

war steelworks at Port Talbot. Today, the company is one of Europe's largest design consultancies, with some 4,000 staff employed on contracts in more than 40 countries. It has taken a significant pert in the con-struction of the Channel Tunnel, advising the banks on progress of the project and also conducting safety audits.

Stone was elected a fellow of the Institution of Civil Engineers in 1991, the third woman to receive that recognition. She says she is "not in favour of positive discrimination but I am conscious that I have a responsibility to break down inappropriate barriers which prevent women engineers from making progress.

and women does not extend to their ability to make engineering calculations, or take engineering decisions. Stone's dislike of positive

The difference between men

discrimination in engineering circles stems from a rational basis: "It's still a profession where men predominate, and if you come across a female engineer the general assumption is 'she must be pretty good to have got so far. I'm worried that if we start introducing positive discrimination that those very high standards will start to get lower."

She replaces Chris Symonds who moves to be managing director of W.S. Atkins Build ing Management Northwest.

■ Robin Geldard (above) has

been elected president of the

**Bodies politic** 

BRITISH CHAMBERS OF COMMERCE at its agm in Birmingham. A former Royal Marine, he qualified as a solicitor in 1958 and became senior partner of Edwards Geldard in Cardiff in 1991. He has acted as deputy registrar of the County and High Court of England and Wales, and last year was appointed honorary consul by the Japanese embassy for the principality of Wales. He first became a member of the Cardiff Chamber of Commerce in 1970 and served as its president in 1987 and 1988. His tenure as president of the British chambers lasts for two years John Sims has been appointed chairman of the CHARTERED INSTITUTE OF ARBITRATORS. ■ Stephen O'Brien, former chief executive of Business in the Community, has been appointed vice-chairman of the CHURCH URBAN FUND. ■ Lennart Aberg, md of Bayer UK; Brian Baldock, deputy chairman of Guinness; John Banfield, chairman of Mobil Oil; Jean-Claude Banon, group md of General Utilities; Michael Brinton, chairman of Brintons; Sir trevor Chinn, chairman and md of Lex Service; Geoffrey Higham chairman of The Rughy Group; Terry Holmes, director of corporate affairs at Nestlé UK; David Jefferles, chairman of The National Grid: Aodh O'Dochartaigh, director of communication at Bass; Ian Ramsay, md of CPC (UK); Howard Robinson, chief executive of Calor Group; Peter Sanguinetti, director of corporate affairs at British Gas; Colin Sharman, senior partner at KPMG Peat Marwick: David Teague, mo of ICL (UK); and Nigel Thompson, director of Ove Arup Partnership, have joined the national council of the

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### Robot lifts the load

robot fork lift truck that carries loads between lerry trailer and factory floor could extend automation to the loading bay. A prototype now being tested maps its surroundings continuously and pluts its routes.

There is no system in the world that loads and unloads conventional trailers fully antonomously," says Malcolm Roberts, director of Guidance Control Systems of the UK. "We built a system four years ago trailers to reflect positioning lasers but nuw we don't need

Drivers of traffers up to 16m long cannot park them accurately enough for a fixed robot loader to work. The GCS robot copes with such variables and also detects changes in its surroundings - for instance. when a pallet is in its path. A central computer communicates the tasks by radio to the robot. which is otherwise autonomous

The robot uses a variety of sensors to detect its own location and the trailer. A laser system scans ghead up to 25m: for local positioning, ultrasound is accurate for between 20cm and 2m. The ultrasound data is interpreted quickly by an off-the-shelf transputer but an data of a higher resolution is needed - tu cope with an odd-shaped load, for example.

The robot analyses when it has nudged up close to a load using a force sensor and torque measurement on each wheel. More sensors control the sideways movement of the forks so that loads are deposited hard up against the trailer wall.

"A fork-lift truck driver can unload a trailer in half an bour with relative ease and our prototype hasn't yet shown It can work so quickly. We expect to be there later this year," says Roberts.

However, time is not the only cost factor as robots are not so prone to accidental damage to

Max Glaskin

or most companies, improving business performance means reorganising to cut costs and jobs, followed by further investment in computers and communications technology. Few have considered the Impact of performance.

Knowledge is a resource that is difficult to assess and manage. But now researchers at Cambridge University, working with British Petroleum, have developed a method for analysing the factors influencing knowledge. It allows an appropriate investment plan to be developed and, ultimately, the investment to

be related to performance. BP initiated the work after making substantial organisational changes in the late 1980s. It wanted lo improve the way people worked in a flatter, more team-oriented structure; but it also recognised that the usual information-based approach was too narrow and that 'soft" factors - such as knowledge - must be taken into account.

"Common sense tells you that knowledge will influence the way people work, but we wanted to know how it affected them," explains Paul Wilhelmij, BP International's team leader in decision support, who with his colleague, Jack Betteridge, provided a husi-ness focus for the work with Cambridge Universily.

The partnership produced an analysis technique called Knova (Knowledge value-added). This pro-vides "a holistic business view to identify the less obvious cost drivers," says Tony Holden, head of the university's decisioo support group, which collaborated in developing the lhe method.

Knova resulted in a computer model that takes into account the relationships - in a team or organisation - between knowledge, people, performance, investment, culture and benefits.

People factors include staff turn-over and motivation, while culture factors include leadership, openness, informal and formal communicalions, the working environment, geographic distribution and personal reward.

According to Holden, traditional management models have difficulty llnking these "soft" issues with "hard" quantitative factors, such as costs and investment. Nor can they easily analyse the benefits of invest-ing in the knowledge resource.

in addition, Knova can provide both a static and a dynamic view of the factors that influence knowledge. By assigning order-of-magnitude values to the influencing factors and using system dynamic modelllog software, a computer model can be produced. This model can then be used to track the factors over a period of time and per-

Knova is an analytical tool that aspires to making the intangibles tangible, writes Diane Palframan

# Knowledge is power



a helped cut BP Exploration drilling coets by tackling the stuck pipes prob

form "what-if" analyses to compare different investment options. Knowledge investments cover, for example, new procedures, computer systems, communications, external

consultancy and training. Holden points out that the com-puter model is only quasi-quantitative because of the subjective nature of such factors as culture, but insists: "Knova facilitates a much richer representation, that can be linked to pictures, text and numbers, than the traditional paper-based representation of influencing factors."

Companies do realise that knowledge is important, says Holden. It is expertise, know-how, information and data that employees use to make decisions.

in the recent restructuring, some companies have tried to use knowledge more effectively by introducing team-working and giving people more responsibility. But freedom to apply and share knowledge will not necessarily improve performance. Nor will an increase in the training hudget. Knowledge must be developed and managed to produce beneficial results, argues Holden.

The development of Knova began at the end of the 1980s and its practical relevance was tested in the early 1990s on projects within the exploration arm of BP.

One application, that looked at human factors in team-working, involved an awareness campaign to overcome a common problem in oil exploration – when a drilling plpe gets stuck. At BP Exploration, the cost of this problem had risen sharply in the late 1980s. from around \$32m (£21.5m) a year to nearly \$40m in 1988.

BP Exploration knew that poor communications was a leading fac-tor in the problem. It developed a training programme to encourage open communication, knowledge-sharing and problem-solving among its drilling teams. It trained 800 people, 70 per cent of whom were from outside contractors.

In two years, BP Exploration cut its drilling costs to \$13m, but in 1991 costs began to rise again at two sites. This was put down to changes in personnel and a push for higher rformance. Applying Knova to the problem (albeit after the fact) showed that Knova would have predicted the cost trends and would have highlighted staff turnover as a potential factor.

Having validated the technique, both BP and the Cambridge group are applying it to other problems BP is using it to look at operational decision-making on its process plants. "We are trying to create the right kind of environment for people who are working together in teams on our plants," says Wilhel-mij. This would improve decisionmaking and could affect plant

safety.
At Cambridge University, the decision support group is currently using Knova to identify the infinences on performance in service departments of large organisations, such as the UK's National Health Service hospitals. But the group's main target industries are manufacturing, in particular oil and petrochemicals, and financial services.

These sectors have gone through big changes, and want to maximise performance and minimise risks. One way to do this, argues Holden, is by ensuring that people make quality decisions - decision-making being a knowledge-based activity.

"To get quality decisions, you may not need more sophisticated computer systems but a better organisational environment in which managers can make them," says Holden

"Investing in computer technology has become a knee-jerk reaction and although computers have a place companies must broaden their perspective. Companies must also consider the intangibles and our work is to make the intangibles tan-

### Worth Watching · Andrew Fisher



#### Non-stick finish for textiles

Textile chemists have searched hard for a treatment that prolongs the life of clothing and ome furnishings, writes Neil Shuttleworth.

Ciba of Switzerland and Dn Pont of the US (owner of the Tefion trademark) have come up with the Tefion fabric rotector, which provides lasting stain protection for rain and leisure wear. It also keeps water and stains off awnings and garden npholstery.

The finish is derived from the chemical material used on non-stick nans. The finorocarbons are linked to the textile fibre to form an invisible, odourless, colouriess, durable film.

"We see the products as being alternatives to silicon- and paraffin-based products because of their superior nil and water repellent effects," says Alan McDonald, head of marketing for textile finishing agents. Unusual applications include hot air balloons and parachutes. Ciba: UK, 0625 618585.

#### Stroke sufferers learn to talk again

Computers are teaching people to talk again after suffering strokes. A team at Bristol's Frenchay Hospital in the UK uses personal computers to help patients supplement therapy.

They allow patients to practise repeatedly routines that will help them find words they have in their heads but cannot express or write. The Frenchay's aphasta (stroke-induced speech and anguage difficulty) computer team has worked in this area for even years. The patients it deals with range from 33 to 82 years old and have suffered strokes of varying severity. The stroke patients call up

words on screen which they have

difficulty locating mentally. explains Jane Mortley, of the aphasia team. "Where the word is stored in the brain, that's where the damage is as a result of the stroke." Courses are held at the hospital to train speech and language therapists in the method.

Frenchay Hospital: UK, 0271

#### Non-pollutant leak detector

A new method of detecting teaks in gas-assisted (to keep out moisture) electric power and elecommunications cables without using pollutants has been developed by Varian of Italy.

The system, marketed by Al Cambridge, uses helium; an Instrument sensitive to the gas provides highly accurate readings, eliminating errors from other soil-borne gases. Previously, some 80 per cent of tests were abandoned because of false

readings.
The system dispenses with arcton, a CFC compound gas known to cause damage to the ozone layer. Norweh, a UK electricity company using the helium-sensing technique, has withdrawn approval for the arcton method. "We are now obtaining 100 per cent success in locating leaks in our gas-filled cables," says Alan Jones, Norweb's Manchester area

maintenance manager. Ai Cumbridge: UK, 0223 834420.

#### Colourful check on sensitive products

To monitor products sensitive to time and temperature, Bowater of the UK has developed labels, called Reactt, which change colour according to varying conditions.

They can be used on foods that must be kept chilled and eaten within a certain number of days or to label pharmaceuticals. especially vaccines. Reactt labels containing dye and binder chemicals, are in two parts: the first, the indicator, contains a blue dye which Indicates temperature change by turning red; the second, the activator, is a catalyst. Both are inert until they are joined when the chemicals merge into each other, the speed determined by temperature and time. Bowater: UK, 061 9412113.

# Packed for the Weekend

Get away from it all with the Weekend FT this Saturday.

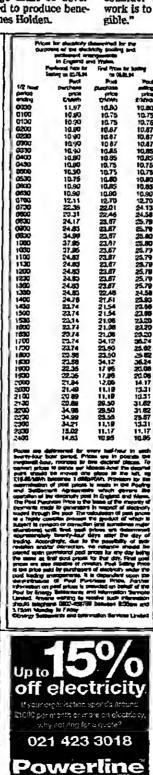
Muli over wine reviews, leaf through the gardening section or try our fashion pages for size.

There are also sections on sport, property, travel, motoring, TV, food and drink, books and the arts.

from the FT. In fact you'll hardly believe how much we've managed to pack In.

And of course there is all the news and comment you've come to expect

Weekend FT.





### FT IMF/World Economy and Finance Surve

Financial Times

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Andrew Fish

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Modern of arts they have been beautifully Contractored in Livery The state of the s Externally, the building fits into its context without a cross giance or a jar - within a few years many visitors will be surprised to hear that things used The spainting to the other to be different. Amberiage its Mirelat ar it their to ca

Cunningly, it has been built down into the hill, so as not to protrude too much above the The party process in the party of the party process in the party process in the party p old surroundings. There is still height enough to accommodate external balconies, from which to admire the Sussex view.

success. From the start Mich-

ael and Patty Hopkins designs

looked full of promise, and

I had wondered whether the increased numbers might Print a CE VI CONTROL OF THE CONTROL OF T make the statutory picnicking a bit of a scrum, but no: new vided, and the grounds felt no more crowded than before. And the interior, a dream of

blond wood, exceeds all expectations. Not only is it comfortabla (that, at least, we were counting on), but with its risinthmately crowded, just as a proper theatre should. Nobody seems distanced from the stage, even on the uppermost tier. Excellently

Colourful checke chosen lighting achieves a jew-el-box effect - channing, not twee, since there is no decorameditive product To monther present to select tor's folderol in the house. Friendly simplicity is the keynote; even the "boxes" on either side of each tier are open and informal.

Best of all, the acoustic They can be dred which offers everything one had hoped for. Gone is the dry, boxy sound of the old auditorium: now the orchestra rings pinisher sacrates light a clear and uncramped, in far better balanced perspective, Section of the second and singers' voices bloom in

Almost inevitably, Glyndebourne chose Le nozze di Figore to inaugurate the house. The old Peter Hall production was to have been revived. but the sets were lost in a fire two years ago. John Gunter has re-done them, thriftily: the

garden act is planted now with

always been easy.

elations in the past between the Arts Council, the bastion

of the subsidised arts, and the

department to offer its chents advice or

sponsorship, and also to seek, with

patchy success, business funding for its

This mutual suspicion should change

now that the new secretary general of the council, Mary Allen, is an ABSA old

girl, and the chairman, Lord Gowrie, was a committed believer in sponsor-

ship when arts minister, and boasts the

**Business Sponsorship Incentive Scheme** 

ABSA will undertake assignments for

tha council, especially in advising arts:

companies how they can attract more

sponsorship. This is already happening

in a piecemeal way. ABSA works for

the Scottish Arts Council on raising

corporate funding and in April Eliza-

beth Ganney was drafted from ABSA to

bolster South East Arts, with most of

Her task is to instruct the many

small arts organisations in the area,

(not necessarily South Bast Arts clients) on how to fundraise more effec-

her salary coming from the regions.

as one of his greatest achievements.

own conferences and publications.

Perfect marriage of aesthetics doubt about it, but now we know: Glyndebourne's new, round opera house is a magnificent

Glyndebourne/David Murray



Distinctive styles: Alison Hagley and Gerald Finley at Glyndebourne in 'Le nozze di Figaro'

Don Basilio's - in the garden

sct, though they will never

really justify themselves. (Nice

for the Marcellina and the Bas-

ilio, who otherwise get no

solos; but they do nothing to

run-up to the finale of a long-

It is Figaro and his Susanna

who dominate the proceedings here: personable Gerald Finley

and Alison Hagley, who have

the further advantage of dis-

tinct individual timbres and

styles. The naughty Count is

Andreas Schmidt, elegant but slightly dry-voiced; his Count-

advance the action in tha

ish opera.)

nothing but giant stalks of rhubarb, among which the clan-destine comings and goings become a public charade. Hall's original staging was unique in making the dodgy action both clear and (more or less) helievable.

Clarity, at least, remains a great virtue of the "newly mounted production" by Step-

Everything that matters is there, and it doesn't subject its cast to any awkward tricks or gimmicks. Since Bernard Haitink is the conductor, with the London Philharmonic, Mozart's score is rendered with lively faithfulne

I thought Haitink had taken

particular care to brighten the ess, Renée Fleming, wielded accompaniments for the extra-neous arias - Marcellina's and her big soprano with increasing grace as the opera devel-

oped.

Old Bartolo is Manfred Röhrl. who gives him an old-fashioned gentility and reserve: a collector of first editions, probably.
Wendy Hillhouse cuts a

nicely ample figure as Marcellina. Robert Tear's Basilio – a piece of power-casting, that! brims with character, though in ensembles his penchant for reaching up slowly to high notes sometimes takes the edge off the rhythm. As Cherubino, Marie-Ange Todorovitch is deliciously candid and plau-

There is a sexy young Barbaring from Susan Gritton, and Donald Adams makes ber uncle Antonio definitively crumbly and grumbly. For the lawyer Don Curzio, John Graham-Hall imitates the original Michael Storace stutteringtrick (Mozart was initially doubtful about it, but Storace

persuaded him). All in all, it is an unspecta cularly happy, rewarding evening just what we love Glyndebourne for, and even more now in its splendid new house.

Sponsored by NM Rothschild & Sons Ltd, Rothschild & Cie Banque. In repertory until

Sponsorship/Antony Thorncroft

#### Cool relations warm Association for Business Sponsorship of the Arts, created to encourage corporate investment, have not to new challenges

man Award, mi

uniteer, and Nina Havergal the £10,000

These imaginative awards have been

sponsored for three years by Reed

BP was one of the large sponsors that froze its budget during the recession.

By not renewing most of its 40-odd,

£25,000 or so, touring and community-

based commitments its expenditure

almost halved, to around £750,000 a

year. Now it is re-examining its posi-

The budget is unlikely to rise in the

short term but BP has a strategy again.

Community work will be left to local

subsidiaries, which may, or may not,

include the arts. HQ will concentrate on

The annual re-hang of art at the Tate Gallery will be financed for two more

years, and there is to be another year at

least for the annual Portrait Award at

the National Portrait Gallery. The Car-

four or five prestige sponsorships.

Garrett as a professional in the field.

They became particularly cool when tively. The region receives less subsidy have served the cause of arts sponsor-the council set up an external relations per head than any other (because the ship. Alex Clark won the £10,000 Goodconneil expects local arts lovers to go to London) and many organisations there struggle to survive.

Fortunately, the south-east is attractive to business, and some new companies are embracing sponsorship. Nynex Cablecommunications, for example, has become a sponsor, it needs to improve its corporate image while digging holes throughout the area. It has backed the Brighton Festival and such small causes as the Reigate-based English Arts Chorale. The potential in the south-east is considerable: last year the region boosted its revenue from the BSIS (which encourages first-time spon-

sors) by 24 per cent, to £325,000.

As ABSA extends its network of regional offices (Birmingham opened this week), it will work closer with the newly beefed-up arts boards.

Scotland swent the hoard at ABSA's Goodman and Garrett Awards ceremony at the Tate Gallery, which is unique in honouring individuals who diff Singer of the Year, with the BBC, will continue in 1995, and then stay on hold until the murky relationship between the BBC and sponsorship is thrashed out. In July, BP sponsors its first produc-tion at the National Theatre, Chekhov's

The Seaguil, In the past BP backed the NT's educational programme, but it is ng about £60,000 to a more h profile event.

Last month the most important exhibition of paintings in a generation by the American artist, Willem de Kooning opened at the National Gallery in Washington. It will later go to the Met in New York before coming to the Tate in London early next year. The British end of the trip was entirely dependent on the American bank J.P. Morgan having invested more than film into the event. This will cover transportation and insurance costs.

J.P. Morgan is slowly appreciating the benefits of sponsorship and its bud-get rises steadily. It exploits the opportunities for corporate hospitality - but is as much swayed hy a feeling of responsibility towards the quality of life, and the fact that de Kooning. American and avant-garde, chimes in nicely with a bank that is trying to shed its traditional image of exclusivTheatre/Alastair Macaulay

### The Dream's spell in the Park

n hell they give performances of A Midsummer Night's Dream without a single laugh. In this life, however, it is the most watertight of Shakespeare's comedies. The lovers' confusions will rouse the sleepiest of audiences, and the Pyramus and Thisbe scene seems never to fail. The production that opens this year's Open Air season in Regent's Park, directed by Deborah Paige, is not very far above these minimal standards

- hut does that matter? Regent's Park itself lends poetry where the actors lack it. Part of the spell is that the birdsong, which at first virtually drowns the actors, gradually ebbs away during tha evening, and the last glow of full daylight deepens into nightfall hehind the stage and is replaced, bit by bit, by stage

The quality that is rarest in performances of The Dream is sheer human complexity, that most vital Shakespearean ingredient.

It is most touchingly present on this occasion with Bottom, given an unusually po-faced, even dignified, performance by Robert Lang. His speech on awakening, baffled hy last night's memories, is spoken with ideal, bushed awe; and, as he remembers, his hands trace above his head the arcs of his vanished ass's head.

No jolly stupidity here, but the stunned wonder of one whose life was briefly transfigured. Then, on his next appearance, comes the robust life giving camaraderie of "Where are these lads? Where are these hearts?": sweet bully Bottom. fully restored to the buman race.

Excellent also is Estelle Koh-

ler's Titania - an arresting mixture of dangerous power and wanton sensuality. She speaks the verse with an authority that sends the play's pulse soaring on her every entrance. Cameron Blakely, with horns and thick black hair like the god Pan, is a vir-ile, bright-eyed Puck with bags of attack. Paul Freeman's Oberon, eyelids glittering, is more hammy, savouring the role's rhetorical flourishes and

Most of the rustics do well, though why Flute (Simon Har-rison, looking like Tim Brooke-Taylor) should say be has "a beard coming" when he is already half-bald beats me; his piping voice is a cheap joke:

and Peter Quince (weakly performed by Tim Stern) does not speak the prologue as Theseus and Lysander then describe. The four mortal lovers are given light, superficial performances by actors who bave plenty to learn about producing their voices. (And if the Open Air Theatre doesn't teach

them ...) Geraldine Pilgrim has put them in 19th-century attire (Empire line for the girls), and has provided an elegant set an extended creamy neoclassical arcade through which we see the park's trees. The fairies, as usual, are a problem: five of them here, played by adults.

Most of Jonathan Goldstein's music for them sounds like (remember Round the Horne?) the Fraser Hayes Four; and Pilgrim and Paige have dressed them with mirror-specs, black helmets, glittery leggings, and fanned silver-paper wings to look like hluebottles. Were I Bottom, I would not ask one of them to scratch me. And, call me old-fashioned, I cannot helieve in fairles with large huttocks.

In repertory at the Open Air

### Pimlott's Murder in the Pit a mere façade

t is a truth too seldom acknowledged that T.S. Ellot, among the most haunting of 20th-century poets, was a lonsy playwright. But Eliot's finest poems are so much nearer drama than his plays.

In his finest poetry you can feel the conflict of separate voices and the tension of different ideas.

In his plays, however, he can rarely characterise successfully; and he develops his few dramatic ideas at a woefully cumbersome rate. Eliot can always lull an andience with his sheer quality of sound, but this counts for too much. Beneath this siren surface the quality of meaning is all too slow, and sometimes

Eliot's plays usually bring out the worst in English actors: you can see them calculating their most showy and superficial effects. And Steven Pimlott's RSC production of Murder in the Cathedral is utterly sunk by the central eriormance of Michael as Thomas Becket.

It is easy to see that Feast is in some ways wrong for Becket. (In his skull-like visage and glassy facial expressions it is impossible to find any trace of the former bon viveur.) Also his reading is in other ways controversial.

He seems to be trying to reveal some of the stranger facets of the psychopathology of religion - the suppressed hysteria of the would be martyr, the manic feryour of the higot, even a not-quite-subli-

mated homosexuality. But these aspects would not matter if Feast led us into the contemplative stillness of Becket's thought.

Instead, bowever, he applies his considerable intelligence and technique into an everchanging array of artificial



Michael Feast in 'Murder in the Cathedral'

gestures, over-bright facial Morris and Shetla Ballantyne. expressions and contrasts of so excellent in speech and vocal dynamics. The overall impact is busy

and contrived. He is worse when pretending, with constant artfulness, to be most spontaneous - in his prose Christmas sermon.

As it is, the play snaps into some kind of dramatic vigour only once: in the clever, specions, modern apologias spoken by the four knights after the murder. Jonathan Philips (third knight) has done nothing with the RSC better than this witty piece of bluffing.

The play's truest poetry is for its female chorus. Just sometimes Eliot comes close to catching the mysterious incantations of the choruses of Greek drama. Pimlott paces and divides these well.

Sarah Woodward and Kate Duchène make only mild effect. Look at them after watching the older Cherry

stance. Morris, in particular, is so calm and focused - ver reminiscent of Peggy Ashcroft in intonation - that she raises the play to a higher level with her every contribution. She even persuades us that such lines as "I have smelt ... incense in the latrines" mean more than they do.

Pimlott, his designer Ashley Martin-Davies, his lighting designer Brian Harris, and Feast himself have reaccentuated many features of the production in transferring it from Stratford's Swan to the

Barbican's Pit.
This, alas, is merely to adjust the façade of what la only a façade anyway. The more you shift the visual aspects of Eliot's play, the more you expose how static is its dramatic core.

In repertory in the Pit.



#### VAN GOGH'S SELF-PORTRAITS

The visual arts programme at this year's Holland Festival is dominated by an exhibition of rarely-seen self-portraits by Vincent Van Gogh, on show in Amsterdam at the Van Gogh Museum from next Friday.

The 20 paintings and two drawings all date from the artist's stay in Paris from 1886 to 1887. when he was confronted for the first time with the range of colours used by the Impressionists. Financially dependent on his brother Theo. Van Gogh could not afford to hire models to pose for him, so he picked up a mirror and turned to the self-portrait to actisfy his passion for human Source

He went on to paint 35 self-portraits while living in France, 28 of them dating from his Paris period. They mark a dramatic turn in his artistic vision, tracing his departure from dark and sombre shades to the

vibrant colours which characterised the work of his final three years before he committed suicide in 1890.

Five paintings in the exhibition have never been on public view before. They were painted on the backs of Van Gogh's earlier works from the Dutch town of Huenen, and have been reframed so that both sides can be viewed. Seen together in one room, the self-portraits reveal a fascinating variety of expression - sometimes devilish, at other times sweet and gentle. The exhibition runs till October 9.

EXHIBITIONS GUIDE AMSTERDAM

Rilksmuseum Flowers and Plants: flora and fauna in five centuries of prints and drawings. Ends July 31. Closed Mon Stadelijk Museum Couplet II: the

latest in a series of temporary exhibitions drawn from the permanent collection, this time focusing on Joan Jones's performance installations 1968-94. Peter Hujar's photographs 1963-87, Domenico Bianchi's paintings 1987-94 and Brice Marden's paintings 1985-93 - plus selected works by Dubuffet, Schwitters. Tapies and others. Ends June 30.

BARCELONA Museu Picasso The Russian Avant-Garde 1905-25. Ends June 26. Closed Mon (Carrer Montcada BASLE Antikenmuseum Rediscovering

Pompet 200 objects, including

ewellery, ceramics, statues and household implements, offering insight into daily life in the Roman town, supplemented by a reconstructed garden with mosaics and a room complete with original frescoes, Ends June 26, Closed

Museum für Gegenwartskunst Joseph Beuys' Arena (1972): more than 100 painted photographs by one of the most controversia figuree in Germany's postwer avant-garde. Ends June 26. Closed LAUSANNE

Musée d'Art Contemporain Contemporary Picasso: 80 works 1946-1971, including 30 paintings and a dozen sculptures. Ends Sep Musée Olympique Miro: 41

sculptures from Barcelona, documenting his progression from his first phase, when he revelled in pure rubbish, to the magic circle formulae of his later years. Also included are 13 prints from the 1960s and 70s. Ends Sep 4 LONDON Royal Academy of Arts Goya:

100 small-scale paintings covering his entire career. Ends June 12. Daily (advance booking 071-396 4555 Queen's Gallery Gainsborough and Raynolds: paintings, prints and documentary material

18th century British painters. Ends Dec 22 Grosvenor House The flagship fair for the British art and antiques world opens next Thurs and runs till June 18. Paintings, furniture,

illustrating the different personalities

and artistic styles of two great late

silver, jewellery and other works of art from antiquity to the present day can be admired and bought. Among the items on show are a pair of paintings by Francesco Guardi dating from the early 1780s, Landseer's A Highland Glen, an Elizabethan walnut three-tier buffet, a mid-18th century Castelli maiolica covered cup and some classic Chinese 16th and 17th century Ming furniture (tel 071-495 8743 fax 071-495 8747)

LUCERNE Komschütte Book Illumination of the Middla Ages and the Book of Kells: Fine Art Facsimile Publishers of Switzerland has set itself the task of making the most important illuminated manuscripts of the western world accessible to libraries, collectors, museums and connoisseurs of art and books. This exhibition shows the results. Ends June 18 MADRID

Centro de Arte Reina Sofia Lucian Freud: a collection of paintings, drawings and etchings celebrating the recent achievements of Britain's greatest living realist painter. Ends June 13. Closed Tues Fundacion Juan March Isamu Noguchi (1904-88): 58 outdoor sculptures expressing the oriental and western cultural traditions inherited by Noguchi, an American artist of Japanese origin. Ends June

26. Daily Castellana Fernando Botero: an outdoor parade of 21 of the Colombian sculptor's bulging bronzes. Ends Aug 12 MUNICH Alte Pinakothek Tintoretto: the

Gonzaga cycle. Ends June 21.

Closed Mon Haus der Kunst Elan Vital: an exhibition exploring the link between Kandinsky, Klee, Arp, Miro and Calder, Ends Aug 14. Closed Kunsthalle der

Hypo-Kulturstiftung El Dorado:

300 gold and ceramic treasures from pre-colonial Colombia. Ends Akademie der schönen Künste The Russian Staga 1900-30: 190 treasures from the Bachrushin Museum in Moscow. Ends June

Villa Stuck Christo: an exhibition

26. Closed Mon

devoted to the grandiose urban projects which the Bulgarian-American artist has pursued over the past 30 years, including his current plan to wrap the Berlin Reichstag in silver cloth. Ends July 10. Closed Mon Neue Plnakothek Wilhelm Leibl (1844-1900): around 200 paintings and drawings offer a 150th anniversary retrospective of the

of German Realism in the late 19th century. Ends July 24. Closed Mon NAPLES Castel S. Elmo Naples under the Austrian Viceroy 1707-34: a splendid itinerant show from Vienna, dominated by the magnificent baroque works of

Cologne artist who was the leader

**NEW YORK** Metropolitan Museum of Art Petrus Christus: 22 paintings by the 15th century Netherlandish master, renowned for the jewel-like furninosity of his work. Ends July 31. American Impressionism and

Francesco Solimena. Ends July

Realism 1885-1915. Ends July 24. The Decorative Arts of Frank Lloyd Wright. Ends Sep 4. Sidney Nolan's Ned Kelly Paintings, Ends July 17. Closed Mon Museum of Modern Art American

Surrealist Photography: 45 works from the period 1930-1955. Ends July 5. Closed Wed Whitney Museum of American

Art Isamu Noguchi: retrospective of the 90-year old artist whose work merges Asian traditions with Western Modernism. Ends June 19. Joseph Stella (1877-1946): more than 200 paintings and works on paper by the modernist who helped ranslate concepts of the European avant-garde into an American idiom. Ends Oct 9. Closed Mon PARIS

Grand Palais The Origins of Impressionism 1859-69. Ends Aug 8. Closed Tues Musée d'Art Moderne de la Ville de Paris Dutch Art of the 20th Century: the first part traces developments from Van Gogh to Mondrian, while the second focuses on ten contemporary artists. Ends July 17. Closed Mon (11 ave du

President Wilson) Hôtel de Ville Nicolas de Stael: 70 paintings and 40 drawings by the Russian-born, French-trained painter who committed suicide in 1955, Ends June 19, Closed Mon (Salle Saint-Jean, 3 rue de Lobau) ROME

Palazzo delle Esposizioni Dada The Art of Negation: 300 works from public and private collections Ends June 30. Richard Long: eight installations by the British artist. all prepared or created on site. Ends June 30, Closed Mon

SPEYER Historisches Museum der Pfalz Romanov Tsarist Treasures: 200 pieces from the St Petersburg Hermitaga, including jewellery objets d'art, paintings, furniture and costumes, collected during three centuries of Romanov rule In Russia. Ends Aug 14. Daily

STUTTGART Staatsgalerie Picasso: a rare showing of 400 prints from e private collection, including portraits, still-lifes and many other themes. Ends Aug 14. Closed Mon Aborigines: 90 wood paintings, 40 sculptures and an installation, mainly by contemporary Australian artists, Ends Sep 25, Closed Mon

Antichi granai della repubblica China in 220 BC - The Warriors of Xi'an: ten of tha 7,000 lifesiza terracotta soldiers who guarded the tomb of Emperor Qin Shihuangdi in central China, along with copies of war charlots and weapons discovered in one of this century's most dramatic digs. Ends Sep 11. Daily (the old granary on the tip of the Giudecca) Palazzo Grassi Renaissance Architecture from Brunelleschi to Michelangelo: 250 works from European and American public collections. Ends Nov 6. Daily Scuola Grande di San Rocco Tintoretto portraits. Ends July 10

Kunsthaus Amor and Psyche around 1800: an artistic exploration of the classical Greek legend, with paintings and drawings by David, Picot, Meynier and others. Ends July 17. Closed Mon

🗻 ocial policy is the Achi lles' beel of Europe," Mr Raphael Chanterie, a Belgian member of the European Parliament told a conference on the subject

His audience of government officials, academics and industry representatives murmured assent, but could have spent bours disagreeing with each other over what the statement meant. It might have been pos sible to thrash out an agreed definition of "Achilles' beel"; "social policy" would have presented greater difficulties.

Their confusion is partly understandable. European Union social policy has traditionally been dominated by employment-related issues. Alongside these, however, a clutch of policles concerned with the poor - or, in the EU's preferred term, the "socially excluded" - has grown in sig-nificance. Anti-poverty organi-sations are increasingly looking to Europe for initiatives to attack deprivation. But they fear that EU involvement in this area of social policy is about to collapse.

Mr Padraig Flynn, the EU social affairs commissioner, is currently sifting through hundreds of responses to a green paper on options for the future of social policy, before presenting final proposals to the Commission in a white paper next month. The green paper sounded powerful warnings about the dangers of excluding large sections of Europe's population from a reasonable share of wealth and opportunitles. Violence, drug abuse, racism, political extremism and social unrest were, it said, all likely to result.

Mr Flynn made it clear last week, however, that against a background of high unemployment, job creation would "dominate the whole agenda" arising from his white paper. He emphasised his opposition to the emergence of a "dual society" of advantaged and disadvantaged in Europe, but argued the best way of supporting the most needy groups was through measures to attack long-term unemploy-

With the number of the EU's poor variously estimated at between 50m and 70m, antipoverty organisations regard the idea of relying on labour market policies alone to tackle "social exclusion" as wishful thinking. The green paper itself concedes that a return to full employment is "unlikely in the foreseeable future" without significant policy changes. Europe created 9m jobs

100 mg

# **Poverty** vision

Alan Pike on Europe's reluctance to give direct aid to the poor

between 1985 and 1991 but unemployment fell by only 3m. The European Anti Poverty Network, which represents ve untary organisations in the 12 member states, wants the introduction of rules requiring poverty and its social consequences to be taken into account in all EU policies, in the way that environmental factors are considered. But campaigners' fears that their efforts will fall on deaf ears bave been compounded by signs that the financial help the EU gives to the poor may

Although relief of poverty is a responsibility of individual states, the EU supports experimental projects aimed at changing the lives of the poor. Poverty 3, its current five-year programme, ends this month. and last year Mr Jacques expressed hopes that it would be followed by a more ambi-tious Poverty 4 with its budget doubled to Eculion (£85m).

ut Germany, in what started as a dispute between the federal government and Länder over responsibility for running anti-poverty programmes, has blocked the introduction of the initiative. Behind the dispute are wider reservations, shared by some UK and Dutch ministers, about the appropriateness of EU involvement in this area of social policy.

Mr Delors is believed to have tried to rescue Poverty 4 in talks with Chancellor Helmut Kohl - without success. Unless there is an unexpected breakthrough at a meeting of social affairs ministers on June 22. there is little chance of the programme being launched during the six-mouth German EU presidency, which begins next month. With the specialist teams that worked on Poverty

3 already breaking up because of the uncertainty, this could mark the end of the pro-gramme. The resistance to Poverty 4 is also giving rise to doubts about the future of other EU social initiatives such as its work with the elderly.

Most of Europe's poor would not immediately notice the loss of the programmes - budgets have never been big enough to relieve much poverty. But Poverty 3 has belped fund schemes for former prisoners in Italy, itinerant families in Ireland, narcotics addicts in Greece,

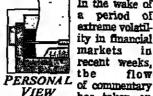
A House of Lords sub-committee concluded last month that it had led to work which would not otherwise have been done, relieving poverty and starting to "rebuild the economic and social lives of some severely deprived communi-ties". Although the invigoration of local economies was beyond the capacity of small projects, the committee said it was "impressed by the determination and ingenuity" shown by Poverty 3 initiatives in creating limited numbers of new jobs.

The local government centre at Warwick University, which has co-ordinated and monitored the UK projects included under the Poverty 3 umbrella lists a series of small but significant practical achieve ments. They include a scheme to train black people for voluntary work in Bristol, develop ment of a new childcare centre at Pilton, Edinburgh, and changes in Liverpool city council's policies to encourage the employment of local labour. But supporters say the pro-gramme's most significant con-

tribution has been its direct nvolvement of needy and deprived people in efforts to rebuild their communities. The encouragement and prestige of having the EU flag flying over little local initiatives in Scottish housing estates and Portuguese mountain villages has, they say, been worth as much as the money

Mr Dennis Preston, who chairs the Brownlow Community Trust, says Poverty 3 has provided a local test bed for national urban aid policies. Warwick University researchers say it has enabled people to participate in the process of change, rather than becoming resentful objects of it".

Europe's anti-poverty groups fear that, if the EU abandons such initiatives, the dangers of that resentment being expressed in the dark forms described in its green paper will come at least a little



In the wake of a period of extreme volatility in financial markets in recent weeks, tbe

VIEW has taken on extraordinary proportions. In these circumstances, I am reminded of a comment I made in January 1992 during a dis cussion of financial derivatives. In my address I said: "I hope this sounds like a warning, because it is."

Significant progress has been made in learning more about derivatives in both private and official circles in the intervening two and a half years. For example, in the private sector truly great progress has been, and is being, made in developing the risk management information and control systems that are crucial for individual firms and the marketplace more generally. At the same time, supervisors authorities are making important gains in adapting prodential standards to the wide-spread use of derivatives.

Yet there are several reasons why the central thrust of my January 1992 warning should not be forgotten. Among them are that, while constructive steps have been taken, they are hardly complete; markets have continued to grow and are evolving very rapidly; and derivatives seem to entail an acute, if not ironic, dilemma. This is that, although they unmistakahly work to reduce risk, including the risk of a systemic financial breakdown. the implications of such a breakdown (admittedly a very unlikely event) are even more difficult to contain and control.

Thus we face the vexing question of how to deal with such a contingency in a man-ner which remains sensible and constructive in a broader and longer-term perspective. There are a number of steps which should be taken to contain risks associated with

financial derivatives in a manner that will not materially impair the ability of these instruments and markets to perform their necessary role. First, all of the larger market participants, including nonfinancial firms that are significant end-users of derivatives, need to redouble their efforts to ensure that risk management, information and control

systems are up to state-of-the-

art standards. Boards of direc-

tors and top managers should

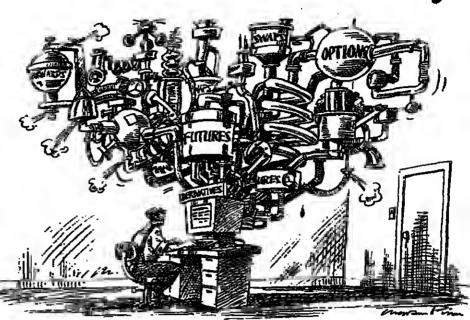
insist that all such firms

undertake a rigorous self-anal-

ysis relative to the original

Gerald Corrigan outlines the risks inherent in derivatives and suggests how they can be contained

# A framework for financial stability



recommendations made by the Washington-based Group of 30 think-tank in July 1993 and relative to the findings of the recently published G30 survey of industry practices.

Among other objectives should be implementation of accurate and timely consolidated credit and market risk monitoring by all significant institutions in these markets. In the longer term, these moni-toring efforts should be pushed to the limits of technology and practicalities in order to achieve intra-day monitoring capabilities on a broad scale. Second, individual firms, exchanges, clearing houses and central banks should be even

more aggressively pursuing ways to strengthen clearance, settlement and payment These should focus on: shortening and standardising the gap between trade date (and time) and final payment; the more widespread use of sameday delivery against payment

systems for securities transac-

tions; moving towards same-

day final payment in clearing bouses and exchanges; and fur-ther strengthening the opera-

tional reliability of key

financial instruments. In turn this would help strengthen the capacity of markets to absorb more smoothly sudden shifts in market psychology. Third, we must move more Great progress has been made in developing control

systems for the

While it may not be obvious

to all, such improvements in

the "plumbing" of the financial

system can work towards

enhancing market liquidity

across a wide spectrum of

marketplace aggressively to establish e standard set of definitions applicable to financial disclosure and reporting require-ments for widely traded derivative instruments. This issue is at the beart of the ability of firms and regulators to make consistent judgments on risks. At present, the gaps in uniform definitions and disclosure stan-

dards are a significant factor in

explaining the considerable variation in firms' responses to

the 30 survey questions. It would be unfair not to acknowledge that progress has been made in this area, but much remains to be done.

Fourth, larger market participants need to work with regulators and supervisors to assure the legal enforceability of derivatives transactions, both within and across jurisdictions. Particular attention should be paid to enforceabil-ity of netting arrangements, both nationally and interna-tionally. Dealers and end users also should work together to establish greater standardisation in documentation further to promote liquidity and stability in these markets.

All of these steps, which are included in the G30's list of to reducing risk and promoting certainty in the international derivatives markets.

Fifth consideration should be given to the establishment of voluntary minimum standards for disclosure, credit and market risk controls, and cus-tomer suitability that could apply broadly to all key market participants in derivatives. This will be very difficult, but progress might be made by

such minimum standards being developed by a private sector group, such as the G30. While such standards would have no binding authority, if applied by prominent individ-ual firms voluntarily and publicly, others would be under great pressure to do so also.
Indeed, if some firms - actVernor Ki

ing on their own and in their ing on their own and it their own best interest - refused to do business with firms that did not voluntarily comply with such standards, the pressures would be very great. The obstacles to achieving such a workable framework of voluntary minimum standards are formi-dable, but the concept should not be rejected out of hand

The above steps constitute a building block towards greater safety and greater efficiency. Yet the international community of banking and securities regulators - together with the appropriate European Union officials - is still faced with the enormous challenge of achiev-ing greater cohesion and consistency as it applies to minimum capital standards.

nder any circum-stances, this will take time. And, ence as chairman of the Basle Committee, I know it will not be easy. I believe, though, that in the fullness of time the legitimate interests of individual firms or groups of firms or individual regulators or groups of regulators can be accommodated while allowing significant movement towards greater consistency in prudential standards and greater harmony in market practices.

The above agenda is formidable but not insurmountable. It can be achieved without new legislation, new regulatory structures and without the threat of regulatory overkill. That said, it should also be

stressed that no such framework is fail-safe and there can be no substitute for the timehonoured dictates of discipline, conservatism and knowing your counterparty. in the current environment, those dictates should take on a special premium of attention, because neither the markets nor the regulatory and political communities will react kindly to any large-scale surprises.

To coin a phrase: I hope this

sounds like a warning, because it is. Much has been accomplished, but more needs to be

The author is chairman, International Advisers, Goldman, Sachs, and a former president of the Federal Reserve Bank of

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#### LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

#### Supporters of Chalfont and others

From Ms Koy Colemon and

Sir, To Lord Chalfont and others (Letters, May 31), hear! hear! - and so say all of us not so silent chief executives. Kay Coleman, Marianne Dobkin, Dawn Gibbons, Jackie Edelson, Sarah Topham, Janet Larton, Evy Blaskey.

(all signatories are chief executives or managing directors of companies in the north-west)

#### Obviously mistaken

From Mr Richard Branson Sir, Although I will always believe that the government was wrong in ever setting up the National Lottery in the way it did, I do not believe I behaved badly on receiving the

The news was received privately by a number of us. It was received with great disappointment by all of us. (We had just failed to create the largest charitable foundation in Europe - much needed by small charities all over the

However, there were no angry outbursts. No ripping up of faxes. There were also no

photographers.

An hour later the popular press asked for a couple of staged shots. Having read Lucy Kellaway's diary piece (Management, May 30). I was obviously mistaken in agreeing to their suggestion. I should have known better. Richard Branson

Virgin Group of Companies. 120 Camden Hill Road. London W8 7AR

### Monetary danger overstated

From Dr Michael Clauss.

Sir, Thomas Mayer (Persona) View, June 1) is right to warn of the dangers of excessive growth in German M3 and public borrowing, but he over-

Mr Mayer compares M3 growth of 46 per cent between 1989 and 1993 with real gross domestic product growth of 19 per cent (giving an implied money overhang of 27 per cent). However, the appropri-ate comparison is with nominal GDP, which grew by more than 39 per cent. In other words, past inflation has already absorbed much of the

excessive M3 growth, leaving

an overhang of only about 7 He notes that at the end of this year, public debt will be 115 per cent higher than at the end of 1989. This overstates the upward trend in public borrowing, because it includes exist-

ing GDR net debt, which we estimate at DM450bn, or 48.5

per cent of the level of public debt in 1989. Mr Mayer rightly warns that credit is expanding faster than investment, but he overstates the problem by citing the 4 per cent fall in equipment invest-ment between 1989 and 1993. Most investment has recently

been concentrated in construc-

tion, especially desperately needed housing. Including this, nominal tovestment rose 26 per cent in the west during that period. The figure would be higher still if we add in invest-

ment in the east. There should be no question of the Bundesbank'a abandoning the M3 target - its current rapid growth and the surge in credit provide a signal of potential risks ahead. But those risks should not be exag-Michael Clauss,

vice-president, CS First Boston, Grüneburgweg 102, D-60323 Frankfurt, Germany

#### NVQs one of best hopes for training in UK

From Mr Steve Palmer.
Sir, Your report, "Bogus
NVQ claims raise alarm" (June 1), is illuminating in that it nighlights some of the stresse and strains in a national vocational qualifications system that has grown fivefold in volume terms in the last four

years.
With our many partners, we will weed out any alleged. wrongdoings sgainst us. We will also continue to improve the already elaborate systems that are in place for paying for NVQ achievement.

We must not throw that baby out with the bath water. though. Paying for NVQs is a sensible approach. The idea that no results equals no money must be right. NVQs signify competence-based learning and are a vast improvement on the more subjective arrangements that preceded them. As such, NVQs represent one of the UK's best bopes for improving skills levels to allow us to catch up with

our industrial competitors.
Alleviating unemployment can only be achieved by raising Britain's competitiveness, and NVQs are an essential calibration of that process. They thus unify the economic and social challenges that all Training and Enterprise Councils are tackling with gathering

Your report failed to mention the pivotal role of the awarding bodies. They give out the NVQ certificates and they need to take steps with the Tecs and others to ensure the legitimacy and bona fides of the NVQs. We must not allow the hard work of more than 500,000 trainees nationally who are aiming for NVQs to be corroded by the alleged activities of less than a handful of

people. Steve Palmer. chief executive. Cumbria Tec. Venture House, Guard Street, Workington, Cumbria CA14 4EW

### Executive volunteers

From Mrs Elisabeth Hoodless. Sir, Companies such as Tesco, Royal Mail, National Power, Unilever and The Body Shop would all confirm the value of volunteering by man-agers: it enriches their skills and extends their talents. It need not, however, be con-strained through "lack of time" expertise", May 30). NatWest managers give a lunch hour a week to tutor pupils in Islington schools, Coopers and Lybrand and the London Stock Exchange build stronger teams by tackling tree planting on an inner-city farm or building flower beds in Tower Hamlets on one Saturday a year.

The article calls for a brokering service: if it is needed, it is available now. CSV has more than 3,000 projects nationwide awaiting employee volun-

Elisabeth Hoodles executive director, CSV, 237 Pentonville Road, London NI

#### Indian government ahead of the game with rupee 'dilemma'

Sir. Your leader ("India's rupee dilemma". May 27) doubted the seriousness of India's present government. But as early as last August, the Indian press reported a visit to the ministry of finance by John Williamson of Washington, who is one of the world experts on the capital flows

mind, somebody in the Indian government was well shead of

I suggest, moreover, that they have stayed ahead. You might have mentioned debt repayment as another way of reducing the problem in fact, the government has recently

done some of that. The leader also said that the which you discuss. To my country needs to find ways of the UK earned nearly 20 per

using foreign capital. Such as investment in electricity, telecoms, oil and gas, aviation? All of these have already been opened up by the Rao govern-

And as an example of another encouraging fact, may I add that while the rest of the world's exports to india stag-nated last year, exporters in

cent more from India than in 1992 (the total was £1.1bn). in the first quarter of 1994, the British continued to help the indians with their rupee problem: Britain's exports to them were up by 29 per cent. Michael Ashfield India Research Oroup, 2 Chiltern Hills Road,

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FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Friday June 3 1994

### Networking Europe

behind in the construction of fibre-optic grids, or in the development of inter-active services to run over them. The report of the BU's industry group on the Information Society, chaired by Mr Martin Bangemann, must offer a clear framework of policy and regulation to promote both goals.

From the summary of its recom-mendations published this week, the group appears to be leading in the right direction. But it has left crucial questions unanswered notably the regulatory framework for competition to service provi-sion, and the protection of intel-

lectual property.

Most of the principles for action laid down by the group are laudable. It places the onus for the construction of "superhighways" on the private sector, and urges that state telecommunications operators be freed from "non-commercial political burdens" - notably the duty to act as tax collectors for their national governments. The group coyly urges "practical measures" with "clear timetables" to achieve this. The best measures are, in fact, privatisation and the separation of the regulatory function from national operators and their spon-soring government departments. These are proceeding painfully

slowly across most of the EU. The report is also right to call for greater harmonisation of equipment standards and acceleration of the pace of telecoms liberalisation. On formal occasions the Commission continues to pay lip service to the 1998 deadline for voice" telecoms liberalisation agreed by EU ministers last June.

Effective policing

In practice, that timescale is being progressively eroded: multi-nationals are being encouraged to contract with single operators to provide pan-European "private" networks; the Commission is toying with further deregulation of the cable industry; and operators in the corporate sector are discovering numerous ways to evade existing restrictions.

If competition is to flourish, the former monopolists will require effective policing. Even in the UK. whose government has made competition the cornerstone of its telecoms policy, British Telecommuni-cations commands nearly 90 per

Europe cannot afford to be left cent of the market 10 years after the abolition of its monopoly. Without a regulator to attend to the critical nuts and bolts of competition, notably the terms under which rivals inter-connect to BT's national network, BT would be

more dominant still. In EU states with governments less ardently committed to competition, fair access to national telecoms networks is unlikely to be secured without external leverage. The Bangemann group ducked the issue: "an authority should be established at European Isvel whose terms of reference will require prompt attention", it

Independent agency

What "anthority"? A highly legalistic and bureaucratic Federal Communications Commission on the US model is not an attractive proposition. Yet, with all due respect to subsidiarity, a college of national regulators - the other extreme - is unlikely to be adequate to the task. An independent EU agency is essential. Whether it takes the form of a free-standing agency, or is integrated within the Commission's existing competition directorate, is an issue which needs to be resolved soon.

Whatever its form, the agency's terms of reference should include a duty to promote access to national networks, on terms consistent with efficient competition. It might also be desirable to give it power to increase the downward ssure on Europe's damagingly high cross-border telecoms tariffs, the aim being equality with tariffs for similar internal traffic.

On intellectual property, the paper says EU-wide protection must have a "high priority" and "rise to the challenge of globalisation". Its diffidence in this field is more understandable, given the complexity of the issues at stake. It is important, however, that

resolving them does not delay progress towards telecoms liberalisation and the extension of fibreoptics into local networks. For the benefits of competition and fibre networks apply as much to existing telecoms services as to the new information and inter-active products, where protecting intellectual property is essential. In setting its eyes on the multi-media horizon, Europe must not stumble over the immediate steps ahead.

### More unequal than others

The very sharp increase in the number of people in the UK with incomes below half the national average, reported yesterday by the Institute for Fiscal Studies, may come as a shock. It is, of course, possible to imagine a society in which growing income inequality coexists with rising living standards for all. Yet the evidence that the poorest in society are not benefiting from the economic growth enjoyed by the majority is now

The government's own figures for households below average incomes show little change in real income for the poorest tenth of the population since 1979. When housing costs are taken into account, their real income has actually fallen during the 1980s. The IFS study confirms the government's figures and contrasts them with the 60 per cent increase in incomes after housing costs for the richest tenth of the population since 1979. There is no sign of the trickle-down effect for those at the very bottom of the income ladder.

What has happened in the 1980s contrasts with the experience of much of the rest of the postwar period, when all income groups benefited to some degree from economic growth. There is concern over the emergence of an excluded minority which has little or no stake in society. Those at the bottom of the income ladder find themselves cut off from employment, dependent on benefits and trapped on problem public housing estates. A spiral of deprivation is created, with high rates of lamily break-up and growing numbers of single parents bringing up children in poverty.

Growing bills

This is not a recipe for a society at ease with itself. The more affluent majority with access to jobs, owner-occupation, cars and the rest cannot cut themselves off from it. They see its consequences in the increasing numbers of beggars on the streets. They must protect their homes and families from the lawlessness it engenders. They pay the taxes to meet the growing social security bills. Fortunately, there are many data in the IFS study that offer help in devising policies to break out of

the spiral of decline.

importance of unemployment as a cause of low incomes. In 1961, less than 4 per cent of those on below half average income were unemployed by 1991, it was over a fifth. Unemployment is the dominant factor behind the increase in families with children in the poorest tenth: they now make up more than half this group, compared with only a third in 1961.

Smoother transition

Finding work opportunities for those who are unemployed is essential in providing pathways out of poverty for these individuals. Simply increasing benefits for the unemployed is unlikely to assist in this, because it may discourage them from taking low-paid jobs. Instead, the benefits system should be adjusted to smooth the transition to employment so that unemployed people can accept part-time or low-paid work without losing all their benefits.

Another clear finding of the IFS study is the relative improvement of the position of pensioners. They formed almost half the poorest tenth in 1961, and now make up less than a quarter, despite their growth in numbers. Some of the improvement is marginal - the proportion of pensioners in the bottom fifth of the income distribution has declined much less. But the link between retirement and poverty is no longer as strong as in the past.

Yet an increasing number of pensioners find themselves with less than half average income, enjoying little or none of the fruits of economic growth. They depend on the basic state pension which has been increased in line with prices since the ending of the link with average earnings in 1980. To tackle their poverty by restoring the link with earnings would be foolish, however. With the growth of occupational pensions and other forms of investment income, a growing minority of pensioners is in the top half of the income distribution. Far better to target additional resources on those who

depend only on the state pension. There is nothing inevitable about the falling living standards of the poorest in a society that is steadily getting richer. But tack-ling the problem needs subtle if modest steps, rather than simple A central finding is the growing big ideas that grab the headlines.

year ago the Philippine capital Manila was a miserable place even for the rich Executives sat sweating and cursing in their offices through frequent 12hour power cuts without air-conditioners or fans to combat the summer heat. Factories were often idle, and the economy, long since left behind by fast-growing Thailand

and Malaysia, was stagnant. The previous government of Mrs Corazon Aquino had failed to invest in new power stations. Hardly anyone dared hope that her chosen successor, President Fidel Ramos, would succeed in turning on the power and launch an economic recovery by mid-1994.

But he did both. "Fast-track" power station projects bave restored electricity to the industrial centres of the Philippine archipelago, and economic growth is accelerating after a series of reforms to liberalise finance and industry.

That is what I predicted from day one of my administration," said the cigar-chomping Mr Ramos in an interview with the Financial Times at the Malacanang palace to Manila. "We have started to reverse the downtrend of the past."

For years the Philippines has been a notorious laggard among south-east Asia's tigerish economies. Since 1980, according to the International Monetary Fund, real gross national product has increased by only 1.5 per cent a year (below the population growth rate of 2.5 per cent) compared with an average 7 per cent for the other five members of the Association of South East Asian Nations.

This year, GNP growth to the Philippines could reach about 4 per cent, and economists say the gov-ernment should soon be able to achieve its target of sustained 6 per cent annual growth. Mr Ramos and his cabinet main-

tain that the Philippines has finally turned the corner. "Think of the Philippines as a tiger cub," Mr Roberto de Ocampo, the finance sec-retary, told a business conference recently in Singapore. "The Philipnes is back in business

Financial institutions have endorsed Mr Ramos's optimism. "On the road to recovery," declared a report from CS First Boston, the stment bank. "Go towards the light!" said UK investment bank Barclays de Zoete Wedd. "It really is about to happen." Investors in the local stock market, Asia's top performer last year with a rise of 132 per cent in US dollar terms, clearly think so, too.

Scepticism, bowever, lurks beneath the surface. Some Filipino and foreign investors in Manila say their hopes have been raised and then dashed so often in the past that they refuse to be euphoric now. Corruption and bureaucracy are

# Tiger cub starts to find its feet

Hefty obstacles remain, but the Philippine economy could be on the road to recovery, says Victor Mallet

still rampant. And economic growth, the sceptics say, could easily be stalled by militant workers demanding higher wages - already high by south-east Asian standards - as soon as recovery appears. Earher this year, in the face of demonstrations, the government withdrew a levy of one peso (about 2%p) per litre on petroleum products to help plug the budget deficit.

It may be true, the critics add, that the IMF is poised to approve Manila's economic policies with a three-year, \$650m loan this month, but the country has implemented no fewer than 22 IMF programmes in 30 years, with little sign of improvement. "We would like them to be Switzerland by now, after all those programmes," said one for-eign banker.

Mr Ramos and his government colleagues say the pessimists have forgotten to take into account the country's peculiar history. Much of the blame for its poor performance can be laid at the door of the late dictator, Ferdinand Marcos, who came to power in 1965. He mired his country in debt and fostered a culture of protectionism, import substitution and mocopolies for his friends - a "crooy capitalism" that contrasted sharply with the exportled growth of other economies in

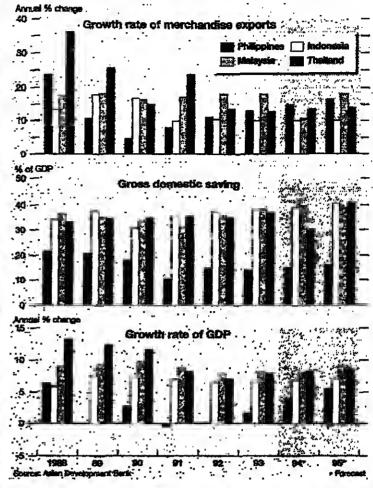
Mrs Aquino toppled Marcos in the popular uprising of 1986, but restoring a measure of political stability has taken nearly a decade; while still armed forces chief, Mr Ramos had to protect Mrs Aquino from seven attempted right-wing coups

"Her job really was to ensure the political empowerment of our people, and I was part of thet," said Mr Ramos. "But the economic side was not really attended to. Evidence: electric power."

Mr Ramos, a methodical man known as "Steady Eddie", was himself elected president two years ago for a six-year term. Even those who doubt that the Philippines can catch up again with its Asian neighbours - the economy was one of the strongest in the region in the 1950s - give credit to Mr Ramos for his achievements so far. Apart from restoring electricity to

Manila by farming out power sta-

Philippines: prosperity round the corner



tion contracts to private investors, such as Hopewell of Hong Kong, his administration has ended foreign exchange controls on current transactions, relieved the central bank of debt accumulated during the Marcos era, and continued the privatisation programme begun under Mrs Aquino. Among the assets sold to raise much-needed revenue for the state are stakes in Philippine Airlines and in Petron, the oil refiner and fuel distributor.

The telecommunications sector. once the protected fieldom of Philippine Long Distance Telephone, has been opened up to foreign and local competitors, a move expected to improva the country's inefficient telephone network rapidly.

In the past few weeks, the government has liberalised the banking sector, by ending a 45-year ban on the entry of foreign banks. It has also pushed through the two houses of Congress a measure to increase the scope of value-added tax and other revenue-raising measures which claw back money lost by the failure to maintain higher fuel These are laws that should have

been put in place 40 years ago, but we are doing it now," Mr Ramos

said of his economic legislation. Unlike Mrs Aquino, Mr Ramos has so far been able to cope with the political system inherited from the US, which succeeded Spain as the country's colonial power in 1898, and to work through the Congress to enact legislation. "I'm not exper-iencing the gridlock that you [foreign commentators] always accuse the Philippine leadership of having," he said.

The economic reforms that have been enacted have been achieved in an atmosphere of political stability not witnessed for 15 years. Negotiations bave dragged on with rebel right-wing military officers, communists and Moslem separatists in the south, bot none of these groups seems as formidable today as when

the economy was in decline. "Sometimes you go for stability but you lose out on growth," says Mr Erico Claudio of stockbrokers James Capel in Manila. "Now we're

ome hefty obstacles still need to be overcome if economic reforms are to succeed. Each year the population of this predominantly Roman Catholic country increases by 2.5 per cent, which means that the economy has to grow at the same rate just for per capita income to bold steady. Natural resources - trees, fish, soil, fresh water - are being consumed or damaged at an alarming pace by the country's 66m inhabitants.

Compared with its neighbours, the Philippines has low rates of sav-ing and investment. And although the budget deficit has been held at less than 3 per cent of gross domes-tic product for the past three years, so much of the revenue is spent paying salaries for the bloated civil service and on servicing foreign and domestic debt that little is left for capital spending on roads and other infrastructure required to support

economic progress.

Mr Ramos nevertheless believes
be can put the Philippines firmly oo the road to recovery by the end of his term in 1998. He says, further, that he can do this within an argumentative democratic system regarded as too weak and divisive by successful Asian authoritarians such as Mr Lee Kuan Yew of Singapore. "Stick with us. We'll show you in two or three years," said Mr Ramos. "The Philippines is still the model of respect for human rights and democracy in south-east Asia."

Fostering rapid economic growth and ensuring a constant supply of electricity are considered routine government tasks in sonth-east Asia these days. But to do so in a tiberal democracy, complete with a free press and the sort of unlimited public debate found in the Philippines, would be a memorable

# Russia - not the country you expect



Western perceptions of Russia are still desperately awry. Intelligent friends still ask whether there is enough to eat. Such excessive

PERSONAL pessimism has scared off western business, so that great opportunities are being missed. Western business needs a balanced view of the pluses and minuses. Let me begin with the pluses.

Russia has privatised at a rate unknown in history. By now twothirds of Russian industry, blg and small, is in private hands. Most shares are fully tradeable, to foreign buyers as well as Russians.

Shares are cheap. If you spend \$1,000 to buy "vouchers" and exchange these for a representative portfolio of shares, you will end up owning capital that produces \$20,000 of output each year (at present exchange rates). The comparable output figure for shares bought on the London stock market would

From July 1, a new wave of privatisation will begin, covering the rest

Gumming up

John Gummer clearly has a lot

UK environment secretary's name

appears on many people's lists for

demotion in the expected summer cabinet reshuffle; for such a

Tory administrations, that

prospect must concentrate the

Wednesday evening at a bash

business-led organisation to

Hampson of the John Lewis

promote Britain's capital.

organised by London First, the

Sir Terence Conran, Stuart

Partnership and Sir Brian Jenkins

of Coopers & Lybrand were among

expelled from Lloyd's 12 years ago

of London's "intrinsic and enduring

Gummer chose to pick a fight

with Sir Richard Rogers who, in

his speech, delivered some home

The environment secretary took

architect pointing out that London's

regeneration. Nor did be much care

for Rogers reminding the assembly

truths on the government's

shortcomings over London.

exception to Britain's leading

docklands was only 60 per cent

completed after 15 years of

100 guests of Christopher Moran

- the former insurance broker

at a dinner to raise awareness

qualities".

Enough, perhaps, to justify his 45-minute-late arrival on

long-serving stalwart of successive

on his plate at the moment. The

the works

of industry and huge chunks of oil, gas and telecommunications. These shares will be sold directly for cash, by investment tender, and (given the low purchasing power in Russia) many will represent bargains. As well as a big domestic market.

> ural resources, it has amazing reserves of oil, gas, diamonds, nickel, aluminium, uranium, iron ore and land. It is also rich in human resources: an extraordinary supply of well-

trained engineers, and a good gen-eral level of education in science and mathematics. Business education is minimal but the commercial spirit is widespread. Industrial relations are good. There has been almost no social unrest. Some western companies have

noticed all this. They are investing in all kinds of industries, generally with the Russian home market as the chief initial target. Thus we see foreigners in food, drink and tobacco (Mars, Pepsi, Philip Morris), retail and fast food (Littlewoods, McDonald's), engineering (ABB, Otis), telecoms and gas, financial services, hotels, real estate.

that no other European capital has

a large urban development that

at the weekends.

Young buffer

felt it was worthy of

Ho, ho, Lars.

is inaccessible by public transport

Time for a new portfolio. Minister

for cleansing the streets of beggars looks a possibility . . .

■ Who says that the Swedes don't

have a sense of burnour? Lars-Olof

Odlund, an executive VP with

Swedbank, was so chuffed when

his bank won the Swedish State

Railways bank account that he

announcing to the London Stock

The banker said it confirmed

that Swedbank is "moving in the

Bucking the bangs

■ Why is it taking Britain's

Ministry of Defence such a long

dealer? Sir Alan Thomas, current

head of the Defence Export Sales

Organisation, steps down at the

end of June. But a replacement

has yet to be announced - even

though the MoD advertised the

On offer is plenty of overseas

travel, hob-nobbing with heads

knighthood - it helps impress

of state, and (normally) a

job last September.

time to find a new chief arms

right direction. Or perhaps I should say on the right track..."

There are, of course, some major

• Production: output of manufacturing and mining has fallen by 25 per cent in the last year. But much of this fall is in military hardware, obsolete capital equipment, and illcontrast total household consumption actually rose - by 4 per cent. according to official figures (of

**Business education** is minimal but the commercial spirit is strong. Industrial relations are good

income, minus saving), or more than 15 per cent, according to bousehold surveys. Average food consumption is back to 1991

• Inflation: this is still high, but it has been reduced from 25 per cent a month in early 1993 to less than 10 per cent. This is due to a massive credit squeeze, with real interest rates now above 5 per cent per

month. With continuing high interest rates, inflation can be made to keep falling. But this requires political will. • Politics: Russian politics is

always difficult but is probably more stable now than at any time ment is a broad national coalition in which most of the key ministries are headed by reformers. Few westerners seem to realise this. It is true that the Duma has a

conservative majority, but its conduct has so far been moderate (except for the release of former vice-president Alexander Rutskoi), and its economic committees are chaired by non-conservative deputies. Vladimir Zhirinovsky, leader of the Liberal Democratic party, will run for president in December 1995, but his chances are poor.

 but his chances are poor.
 Mafia. But openness in turn encourages crime. The mafia, already strong under communism, is now all-pervasive. Even so, the streets of Moscow are safer than in New York.

· Legal system. In fact, the biggest problem for foreign business is still on the legal front. On the one side

property rights and commercial law are unclear and there is inadequate legal redress and law enforcement. On the other side there is still too much regulation, too much corruption and too many unpredictable taxes.

this. Only last month, President Yeltsin abolished virtually all export quotas and ordered furtber simplifications of laws and

Thus, beneath the ripples of conflict and contradictory action, there is a steady tide running towards a regular market economy. Most westerners who visit Moscow for the first time say: "Is this the country I have been hearing about in the media?" The best answer is: "Go

#### Richard Layard

The author is director of the Centre for Economic Performance at the London School of Economics, and works with the Russian government's Centre for Economic Reform

### **OBSERVER**



'We're not so much dawdling in the slow lane as stuck in the contraflow

overseas clients Admittedly, it also sometimes involves rubbing shoulders with types who might not get into your club. But these days it's a chance to run one of Britain's great success stories: the UK is now the world's number three arms seller.

It seems the MoD had little luck with headhunters, and has now fallen back on the old boy network. The word is that a distinguished naval officer declined the honour. and the idea of the MoD promoting one of its most senior civilians appears to have been dismissed.

Still, Observer understands that

the search is now drawing to a close. Subject to cabinet approval, Britain's new top salesman will be a marketing chap with a background in blue-chip companies closely associated with the government.

Size counts

■ At last a Texan put-down. The populist American daily newspaper, USA Today, has put the recent blizzard of South African coverage into perspective. It informs its readers that South

Africa's 1993 gross domestic product was \$100bn - "about the same as Minnesota's". But proud South Africans can comfort themselves with another fact. At least it's quite large; 470,882 square miles, says USA Today - "almost twice the size of Texas".

Smartypants

■ So, Liberal Democrat leader Paddy Ashdown buys his clothes from Marks and Spencer. We always knew he had much in common with Baroness Thatcher who in 1986 admitted purchasing M and S underwear.

But does he persuade the store to open its doors early for him to make his purchases, as happened for health minister Virginia Bottomley, and Norma Major, the prime minister's wife? Given that the Lib-Dems have complained to the BBC about the lack of coverage of their Euro-election campaign, what better way of gaining attention than by asking M and S to open up a little early so Paddy can buy his suits?

Combat ready

Admiral Leighton Smith, USN, Nato's C-in-C South, the man who has to rain down fire and brimstone on Bosnian Serbs when they incur the wrath of General Sir Michael Rose, recently visited Bosnia to get a clearer picture of the people he might be bombing. He

got more than he bargained for. Rose took him to the Serbs' north-eastern corridor near Brcko, reputedly oow one of the hottest spots in the war. They found a sole elderly and somnolent shepherd who, spotting the admiral's medals, struggled to his feet and saluted.

"Yon're obviously a military man," ventured Smith. "May I ask who you fought for?"

"For Germany," replied the shepherd proudly. "Heil Hitler!"

#### Stately home

What does Alan Clark, Britain's wayward ex-defence minister. have in common with a floor

tile? Lay him well and you can walk over him for ever.

# voluetees

### FINANCIAL TIMES

Friday June 3 1994



Companies lured by cheap production, survey shows

### Japan looks to low-cost areas

Japanese companies plan to boost low-cost production in other Asian countries next year, when their overall capital spending is expected to rise for the first time in three years, according to a government survey released yesterday.

Corporate Japan plans to increase total investment in plant and equipment by 1.1 per cent in the year to next March, according to a study of 1,615 companies by the Ministry of Interna-

tional Trade and Industry. This is a sharp change from the 0.1 per cent investment decline

forecast in Miti's most recent survey of this type, released last October, and the latest in a recent series of moderately bright economic indicators. Capital investment fell by 8.7 per cent

Direct investment in other Asiao countries in the coming year will leap to 37.5 per cent of total foreign investment, up from 16.4 per cent in the previous year, emphasising the Japanese focus on expansion in China and southeast Asla.

Investment in new plant in other Asian countries is forecast to rise 26 per cent, a spectacular turnround from last year's 2.6 per

cent fall, according to the Miti survey. Within this, manufacturing industry is forecast to increase Asian investment out-

side Japan by 56.1 per cent. The long-term shift of production out of Japan paused slightly during the recession. But the Miti survey suggests it is now on the verge of a second advance.

This is a response to the yen's renewed strength in the past year and reflects manufacturers' strategy of adding component plants to the basic assembly lines they established in east Asia during

the late 1980s. This trend bas already that its manufacturing industry will be "bollowed-out" by the

Japanese investment in China is now aimed at capitalising on the strong growth of dnmestic demand, along with taking advantage of the country as a low-cost production sits for

exports. In areas outside Asia, improve ment in corporate investment appears to be patchy. Manufacturers expect to cut spending by 3.5 per cent across the board this year, a less severe reduction than the 19.6 per cent cut last year. Service industries and utilities forecast a 3.6 per cent rise.

### Oliver North's political fate hinges on state convention

Some 14,000 registered Republicans from the state of Virginia will decide tomorrow if Mr Oliver North, of Iran-Contra notoriety, has a political future.

The probability, but not certainty, is that the party convention in Richmond will nominate

him to contest the seat to be defended by Senator Charles Robb. This assumes the incumbent survives the Democratic primary on June 14 - bis opponents have made much of his confes-

sions of marital infidelity, if Mr North and Mr Robb, the objects of mucb bostility in the state and elsewhere, emerge as the candidates of the two establisbed parties, independent bids are likely to follow and make Virginla the most fascinating, if least edifying, of the national mid-term elections in November.

Mr Doug Wilder, the state's former Democratic governor, is poised to enter as an indepen-dent, as may Mr Marshall Coleman, the former Republican state attorney geoeral who was beaten by Mr Robb for the governorship in 1981 and by Mr Wilder in 1989. But all eyes this week are on Richmond and the Republican

conventioo's secret ballot between Mr North and Mr James Miller, the former budget director in the Reagan administration. With fundamentalist Christian and right-wing support well organised for Mr North, the staid and conservative Mr Miller, previously little known in the state, appears to face an uphill battle. National Republican strategists are nervous of the predictable



Oliver North: looking for the Republican comination

tub-thumping appeals to very conservative values at the state convention. As one local political analyst put it: "Oliver North is a bomb thrower and the fundamen-

Mr Miller is not without support from some famous conservative names, including Mr Ronald Reagan, who bas condemned Mr North for lying about what the then-president knew during Iran-Contra. This was a scheme in the mid-1980s to sell arms to Iran

aimed at securing the release of US hostages in Lebanon. Simulta-

is more than can be said for any

### **Bonds** recovery boosts London market

By Conner Middelmann and Terry Byland in London

UK government bonds staged a recovery yesterday, giving a strong boost to the London stock

Daalers reported cautious investor buying of long-dated gilts, where yields had risen close to 9 per cent earlier this week. However, some warned the recovery was largely a technical correction after the market had been heavilled to the record of the r heavily oversold in recent

"The recovery doesn't reflect a significant shift in people's atti-tudes," said Mr. John Kendall, chief economist at Baring Brothers. "I think we have further to go before things calm

down," he cautioned.

Bond prices were also helped by short covering in the futures market where traders squared their positions ahead of today's release of US May employment

figures. The London stock market helped by the gilt rally and a stronger performance from stock index futures, shrugged off its prolonged run of weak sessions. The FT-SE 100 index recorded its best daily gain for the year, clos-ing at 2,980.8, a rise of 48.9. It was the biggest daily advance since December 29 when the FT-SE 100

jumped 49.7. In the gilts market the 8% per cent gilt due 2017 rose more than three points to around 1031/2, to yield 8.41 per cent. The September contract of the long gilt future traded on Liffe, the London futures and options exchange, jumped more than two

points to 100 . Europe's other bond markets put on a patchy performance, but many traders said the heavy selling of recent sessions had abated

> International bonds, Page 20 London shares, Page 37

### THE LEX COLUMN

### Tonic from Boots

Boots has again confounded its critics by widening margins in its chemists chain on rising sales. Since most of

the headaches acquired with Ward White are also showing improvement - Halfords in particular is starting to perform - yesterday'a 4 per cent rise in the shares looks justified. Still, Boots is earning only \$7m operating profit on retail turnover of £900m outside the chemists business. It cannot afford to rest on its laurels. Do it All and AG Stanley continue to defy their parent's much vaunted retail skills.

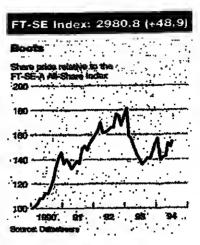
parent's much vaumed retail skills.

With £150m cash in hand – including the proceeds from the sale of Farley's – Boots can also afford to look for growth elsewhere. The cash position would strengthen further if it decides to get out of prescription pharmaceuticals, although piecemeal disposals look more likely than an outright sale or – given its experience right sale or - given its experience with Do It All - joint ventures. The snag is that credible investment opportunities are thin on the ground.
The retail side of the business is generating cash faster than Boots can spend it. Diversification has rightly been ruled out.

The best hope for expansion lies in over-the-counter medicines. But such acquisitions do not come cheap. Boots would be bidding against the giants of the pharmaceuticals industry should larger brands become available. It is also doubtful whether Boots has the experience to compete as a serious force in the US. Smaller OTC acquisitions in Europe may thus be the best way forward, even if that means returning some cash to shareholders. Since Boots has still not shaken off the legacy of its last big move, inves-tors might welcome such a cautious

#### Euro Disney

Prince Al-Waleed Bin Talal's enthusiasm to buy shares in Euro Disney is matched by Walt Disney's willingness to cut its stake. Given that the US media group knows the project better than the Saudi prince, that looks like yet another argument for selling the shares. Even so, the prince's involve-ment could help Euro Disney's forthcoming rights issue in a number of technical ways. For a start, it means there is less chance that the under-writers may have to unload hundreds of millions of unwanted shares on the market after the issue. It also makes it more likely that the issue price will be nearer the top of the FFr5-FFr10



take up their rights may not be quite as heavily diluted as feared. as neavily diffused as reared.

In the longer run, the prince's promise to build a \$100m convention centre should help fill Euro Disney's empty hotels. The hope must be that his involvement will also make it more librals that the likely that a second "gate" at the theme park is built. Given that the banks have a grip on future spending by Euro Disney, the company could probably not act on its own.

Of course, if the prince is as shrewd a financier as his investment in Citi-corp would suggest, he will not be willing to give small shareholders a free ride on his convention centre. He will presumably negotiate a deal that ensures that the lion's share of the extra hotel revenues from the project flow to him rather than Euro Disney. Then again, if the prince is smart, he may indeed be buying into Euro Dis-ney at the bottom of the roller-coaster.

#### Siebe

The reluctance of Siebe's share price to rise with the market after yesterday's full-year results suggests investors are not yet quite convinced that it can deliver strong organic growth in the recovery. That may be a bit grudg-ing after the relatively strong second-half progress in controls which account for three quarters of all sales. Presumably the recession in the European automotive sector which held back the specialist engineering divi-sion will not last for ever, while there must be room for fairly rapid margin improvement at the new European

Changes in intra-company pricing

to analyse what is happening to mar-gins. For example, transfer pricing changes may be one reason why mar-gins in North America do not seem fully to reflect recovery there. The best test of Siebe's performance in the current year will thus also be one of the most basic – the extent to which overall sales are driven by organic growth. Despite the second-half improvement, last year's group turn-over rose by only 2 per cent before Japanese bani

merger hits hi

currency changes and acquisitions.
Siebe's says it is now more interested in higher market share than margin enhancement. That may say something about the nature of an economic recovery in which prices remain under pressure. Yet Siebe's operating margin which remained high during the recession is already 14.3 per cent. If that cannot be improved much in the recovery one improved much in the recovery, one wonders whether it will again defy gravity when the next downturn hits.

#### Privatised debt

Having sold its equity stakes in UK utilities, it makes sense for the Treasury to clean out the cupboard and sell its stake in their debt as well. Still, given the fragile state of the bond markets it must hope that the bulk of the proceeds come from purchases by the companies themselves. That way the government would be tapping a genuine new source of

The incentives for the companies to buy back the debt are considerable. Not only does it free them of any associated covenants; it may be preferable to seeing the debt repackaged and sold on by merchant banks with whom the company has no direct relationship. But the debt is trading at a premium while the companies are carrying it at face value in their balance sheets.

Those that buy it back must take a hit in their profit and loss account. The first sales programme sought to get round this problem by adjusting the price at which companies bid for their own debt. Effectively it was reduced to take account of the future tax they would pay as a result of their lower interest charge. Doubtless that will again provide an incentive. Per-haps more important is the state of the markets. With long term rates so high, now may be a good time for the companies to move. The purchase premium is unlikely to fall much further. With luck the debt may be refinanced

### **OECD** jobless proposals

Continued from Page I

Similarly, Germany, with its highly developed vocational training system, would have less reason than the US to heed the organisation's advice on easing the transition of young people from school to work. The paper will be discussed by manisters in Paris on Tuesday.

The support of member states is regarded as certain following lengthy consultations among officials in various OECD committees. Once endorsed, the documeot will form the basis of further discussions on combattiog unemployment among the Group of Seven leading industrial countries at their economic summit in Naples next month.

1020

in the Wall Street Journal this week, aptly beadlined Virginia reeling", concluded that Mr North could not win in November but that Mr Miller could because Republicans would unite behind him.

But nothing compares with the fury exhibited by Virginia's other senator, the Republican Mr John Warner, at the prospect of being joined in Washington by a man be considers unfit to bold public office and to represent the Repub-

lican party. Mr Warner is not only threatening to bolt from the party and campaign as an independent when be runs for re-election in 1996, but is also urging Mr Cole-man to get into the senate race, if

neously funds were diverted to

Contra rebels in Nicaragua in

defiance of Congress. An editorial

Mr North is the nominee. Paradoxically, an evenly divided four-way contest might increase, ratber than diminish, Mr North's chances. His hardcore support seems very loval, which

### 



AS 6,885,000,000

**Initial Public Offering** 

7,650,000 ordinary shares

of nominal value AS 100 each

Österreichische Industrieholding AG

International Institutional Offer 4,590,000 ordinary shares

S.G. Warburg Securities

Bank Austria Investment Bank AG

Lehman Brothers

CS First Boston

Dresdner Bank Aktiengesellschaft Internationale Nederlanden Bank N.V.

Istituto Mobiliare Italiano S.p.A. Lazard Brothers & Co., Limited

> Nikko Europe Plc Société Générale

Austrian Public Offer 3,060,000 ordinary shares

Bank Austria Investment Bank AG Creditanstalt - Bankverein S.G. Warburg & Co. Ltd.

Raiffeisen Zentralbank Österreich Aktiengesellschaft GiroCredit Bank Aktiengesellschaft der Sparkassen

Bank für Arbeit und Wirtschaft Aktiengesellschaft DIE ERSTE österreichische Spar-Casse - Bank Aktiengeselischaft

Schoeller & Co. Bankaktiengesellschaft Allgemeine Sparkasse Oberösterreich Bank Aktiengesellschaft

Bank für Oberösterreich und Salzburg Raiffeisenlandesbank Oberösterreich registrierte Genossenschaft m.b.H. Steiermärkische Bank und Sparkasse

Aktiengesellschaft Raiffeisenlandesbank Steiermark registrierte Genossenschaft m.b.H.

Global Co-ordinator S.G. Warburg Securities

#### Europe today

Temperatures will fall as cooler air crosses western Europe. The British Isles will be particularly rainy with near gale force westerly winds. The Benelux and France will have only isolated showers, perhaps with thunder. It will be hot to very hot in the Balkans, Greece and southern Italy where temperatures will exceed 30C. The Alps will be warm with an increasing risk of thunder showers. Hungary may also have thunder showers. Spain will be mainly sunny although northern areas will be cloudy with rain Scandinavia will stay unsettled and mainly cool.

#### Five-day forecast

North-west Europe will be unsettled and cool over the weekend, but conditions will improve as an Atlantic high builds into France. South-east Europe will have a warm and sunny weekend followed by lower temperatures early next week. Scandinavia will continue cool and unsettled with a lot of rain in the south. The Mediterranean will stay warm and mainly

#### TODAY'S TEMPERATURES

Lufthansa Express. The best connection in Germany

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**FINANCIAL TIMES** 

## **COMPANIES & MARKETS**

OTHE FINANCIAL TIMES LIMITED 1994

Friday June 3 1994



#### IN BRIEF

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#### Japanese bank merger hits hitch

A Japanese finance ministry-inspired plan to merge three regional banks has been delayed by opposition from staff and clients. Page 18

Hungarian hotels for sale Hungary's privatisation authorities have put HungarHotels, the country's largest hotel chain,

Boots, the UK retailer, yesterday shrugged off problems at its pharmaceuticals and DIY business to announce a 19 per cent increase in underlying

Nokia, the Finnish telecommunications group, announced a preliminary operating profit of FM854m (\$155m) for the first four months, more than double last year's FM362m. Page 18

tion from Royal Trust, acquired last September.

which came to the brink of bankruptcy in January, is about to unveil a public offer of its shares in Metall Mining which, at current market prices, are worth about C\$500m (US\$360m). Page 19

Australian drinks group eyes Europe Coca-Cola Amatil, the Australian soft drinks group which is 51 per cent-owned by the Atlantabased Coca-Cola Company, is to expand its presence in central and eastern Europe by buying out its parent's interests in Poland. Page 20

Japan's biggest investors, its life insurers, who own 12 per cent of the Tokyo equity market's capitalisation, have continued to sell shares even

MEPC rises in 'very active' half year after a "very active" half year, according to Lord Blakenham, chairman. Page 22

Trident spurs on VSEL Pre-tax profits at VSEL, the submarine builder, rose 10 per cent to £61m (\$91.5m) for the year

McAlpine to inuncit rights issue Alfred McAlpine joined the queue of UK housebuilders launching rights issues to finance land purchases for expansion. Page 24.

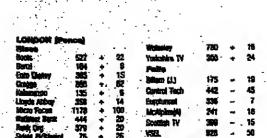
Euro Disney shares in Paris rose 6 per cent investor had stepped in to buy a stake in the

Companies in this	, is	ene.
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MS currency rates

Foreign exchange Gitts prices Liffe equity options Landon state service



Boots advances 19%

Nokia doubles to FM854m

Canadian bank advances 12% Royal Bank of Canada profits rose 12 per cent in the second quarter profit because of strengths in retail and investment banking and the contribu-

German group to offer mining shares Metallgesellschaft, the German industrial group

Contrarians in Tokyo as the Nikkel index hit new highs. Page 20

MEPC, the UK's second largest property company, has announced pre-tax profits of £47.6m for the six months to end-March, against £43.8m (\$65.7m),

to March 31. The company is enjoying peak profitability from the Trident submarine construction contract. Page 23

Boost for Euro Dispey shares up FFr1.85 to FFr32 - after it emerged that an troubled theme park. Back Page

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Chief price changes yesterday

Cost cuts and passenger increase enable Dutch airline to shrug off previous year's heavy losses KLM returns to F1103m profit

By Ronald van de Krol

A sharp rise in passenger traffic and continued cost cuts enabled KLM Royal Dutch Airlines to swing back into profit last year. The Dutch national carrier posted a net profit of F1103m (\$55.7m) for the year to March. reversing the previous year's heavy losses of F1562m.

The improvement stemmed partly from a 17 per cent increase in passenger traffic. However, the

continuing shift towards cheaper fares meant that turnover from passenger traffic increased by a more modest 8 per cent.

Overall, sales rose 5 per cent, well ahead of the 1 per cent increase in costs. KLM will not pay a 1993-94 dividend, as signalled earlier this year during its F1.3bn global share offer.

The strong recovery is also due to the fact that KLM no longer includes on its book the figures of Northwest Airlines, the US airline in which it owns a 20 per

cent stake. In 1992-93, when KLM 1993. Mr Pieter Bouw, president, still carried Northwest's figures, said the airline would look into the US airline accounted for much of that year's Fl388m loss from "holdings". Northwest has since moved back into profit.

However, even at the operating level KLM's results improved strongly, moving back into a profit of Fi86m from a loss of

Another reason for the improvement is the pension premlums "holiday" granted by KLM's pension funds in April

said the airline would look into extending the holiday when it expires at the end of 1995.

KLM, involved in last year's abortive attempt to create a global airline with Swissair, SAS and Austrian Airlines, remained interested in developing strategic alliances with other mediumsized European airlines

Mr Bouw said further costcutting was needed even though KLM compared favourably with most European carriers. "The airwhich already operate at very competitive cost levels, are attempting to cut them still fur-

greater flexibility was behind yesterday's announcement of the company's first operational lease for seven new Boeing 767-300s to replace its fleet of 10 Airbus 310s. The lease allows KLM to increase the number of aircraft and to adjust the length of the agree-

### Tenneco scales back Case spin-off in weak market

By Laurie Morse in Chicago

Tenneco, the US energy and industrial group, has scaled back plans for an initial public offering of its Case farm machinery subsidiary, cutting the size to 25 per cent of Case common stock.

When Tenneco announced the plan in April, it said it would sell at least 35 per

Mr Dana Mead, Tenneco's chairman, said the offering was reduced because

**Assurance** 

Slebe, the international controls

and engineering group, yesterday

reported a 20 per cent increase in

Underlying margins were

Yurko said the group had also

adjusted intra-group pricing to

Mr Barrie Stephens, chairman,

said the final quarter of the year

confirmed indications of a consid-

erable improvement in certain

and South America and Asia. He added that although there

tal European and Japanese mar-

kets would remain subdued until

fell from 66 to 25 per cent. Share

the end of this calendar year.

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vious year.

Lex, Page 16

take less profits in the US.

on profit

margins

at Siebe

**By Andrew Bolger** 

able to acquisitions.

stock market valuations for companies in machinery and other cyclical industries had weakened since the Case spin-off was first announced. "Since the company's performance thus far in 1994 has been strong, we are reluctant to sell more than 25 per cent at these levels." Although North American farm

equipment sales are up an estimated 16 or 17 per cent so far this year, helping to support Case's earnings, analysis

a factor that could have contributed to Tenneco's decision. Mr John Stark, editor of a Chicago-based equipment newsletter, predicts that the overall rise in farm machinery sales this year will be

12 per cent.
In its preliminary prospectus for the offering, Tenneco set a price range of \$19-\$22 per share. Wall Street analysts said this range was within expectations, though it fell short of the \$25 per share some had suggested in April.

Tenneco said it expected the spin-off to bring in \$335m-\$385m. This compares with the \$500m anticipated when the

It intends to invest the sale proceeds in its automotive parts and natural gas

Case is Tenneco's largest division and the group intends to retain majority control. However, Mr Mead did not rule out a second offering of Case shares, saying Tenneco would reviewing its

options later this year. Tenneco's shares did not respond to news of the truncated offering, trading 4 higher at midday in New York at \$48. Case achieved first-quarter operating income of \$81m on sales of \$1bn, representing nearly a third of the Tenneco group's first-quarter sales and operat-

ing income. Marketing of the new Case shares will begin next week. The shares will be traded on the New York Stock

### Bernard Simon on why Seagram is shackled by its glorious past in its fight to expand

Seagram has no plans at pres-

ent to lift its Time Warner stake

above 15 per cent and Mr Bronf-

man pledged not to take "any

action that will undermine our

financial strength". He insisted:

There is nothing wrong, in my

view, with anyone being inter-

ested in what is clearly the fast-

est-growing, most global industry

According to a recent article in

the New Yorker magazine, the

investment was the culmination of a lengthy process which included consultations with sev-

eral outside advisers and a look

at many other sectors, including

Ms Irene Nattel, analyst at Bar-

clays de Zoete Wedd in Montreal,

supports Mr Bronfman's view,

noting that Seagram "has consis-

tently done exactly what they

said they were going to do".

There is one important differ-

ence, however, between Sea-

gram's investment in Time

Warner and its stake in Du Pont.

The chemicals group has been a

luxury goods and fragrances.

in North America".

### Bronfman Jr must show his Time machine works

tion that has billowed around Seagram, the international drinks group controlled by the Broniman family.

profitability and sought to allay concern that it was suffering Making his debut as Seagram's chief executive at the annual meeting in Montreal, Mr Bronf-The UK-based group increased pre-tax profits from £182m to man hit out against "inaccurate £217m (\$325.5m) in the year to and baseless" reports about Sea-April 2, while sales grew by 15 per cent, from £1.62bm to £1.86bm. gram's intentions towards Time Warner, the powerful entertain-Mr Allen Yurko, chief executive, said the group's return on sales had dipped from 14.7 to 14.3 per cent, but this was attributment congiomerate in which Seagram has a 14.99 per cent stake. Mr Bronfman's concern is understandable. Seagram's new 39-year-old CEO carries an immense burden. He needs to slightly ahead, although the show Seagram shareholders not least his father and uncle, group was concentrating on increasing market share, rather

who remain co-chairmen - that than pushing up margins. Mr he can match the accomplishments of his grandfather, Sam Bronfman, who transformed a small Canadian liquor business into the world's biggest drinks company, and his father, Edgar Sr, who in his 23 years at the helm has greatly enlarged what "Mr Sam" started.

markets, particularly in North In particular, the younger Bronfman has to convince outsidhad been signs of improved demand, Siebe believed contineners that Seagram's \$2bn investment in Time Warner is a wise one. The entertainment group has been very much his project since Seagram secretly started buying shares in February 1993.

Sales in the controls divisions after excluding currency transla-tion and acquisitions, increased Edgar Sr said minutes before the annual meeting: "He's got by 5.9 per cent and were particugreat judgment. For a young man larly strong in the second half. Mr Yurko said he was confident Time Warner/Seagram that these divisions would show

real growth of 10 per cent in the Operating cashflow rose to £126m from £95m, and gearing holders' funds rose by £208m to £950m, thanks mainly to last November's £184m rights issue. The profits figure was struck after £17.3m of restructuring costs, down from £11.4m the pre-Earnings per share rose by 19.4 per cent to 31.4p (26.3p). A final dividend of 7.34p gives a total of lip (9.86p), an increase of 11.6 per

The 1987 purchase of Martell, the French cognac producer, has given Seagram a strong foothold in the Far East, Mr Bronfman indicated this week that expansion in this part of the world, especially in China and India, would be a high priority under

evidence of a fresh approach by unveiling a top-to-bottom "reen-gineering" of Seagram's operations. Over the next two to three years, every part of the company will come under intense scrutiny in an attempt to cut costs and improve performance.

Critics are concerned that Mr Bronfman may be biting off more than he can chew, especially bearing in mind Time Warner's \$15hn debt. They have been quick to cast doubt on the Time Warner investment hy pointing to Mr Bronfman's fascination with show business, including his early career as a film-maker. These reservations have been fanned by the entertainment group's apparent reluctance to give its new shareholder a seat on the board. Mr Bronfman insisted this

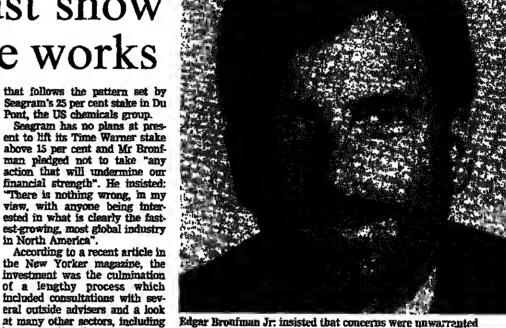
dgar Bronfman Jr made of 39, he's got great wisdom."

no secret this week of his irritation with the speculagram, Edgar Jr is credited with moving its liquor husiness away from mass-market, low-profit brands, and with spearheading two bold acquisitions.

his stewardship.
Another initiative was the 1988 acquisition of Tropicana Products, a leading US orange juice producer. Although Seagram had hoped for stronger earnings growth from Tropicana, it remains confident that the rising popularity of fruit juices and Tropicana's high market share will eventually pay off.
Mr Bronfman provided further

None the less, the dalliance with Time Warner has so far failed to excite investors. The Time Warner stake has barely been reflected in Seagram's share price, which stood at \$31.13 on the New York Stock Exchange yesterday.

week that the concerns were "unwarranted". He maintained. as Seagram has all along, that the purchase of the Time Warner



motherlode to Seagram. Without the entertainment, cable-TV and totalled \$575m over the past two years, it is unlikely that Seagram would have been able to afford

Martell or Tropicana. The returns from Time Warner are unlikely to be so generous in the short term, given its heavy

But Mr Bronfman asked Seagram's shareholders for patience. He predicted that Time Warner's profits and the value of its shares would rise "dramatically" over the next five to 10 years. The stature of the third generation of debt burden and the enormous Bronfmans will hinge on whether capital spending commitments of this prediction comes true.

# THE LINK BETWEEN THE PAST AND THE FUTURE Omega Speedmaster Automatic. Self-winding chronograph Swiss made since 1848.

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### UK to raise £1bn-plus in sale of company debt

By Peter John

The UK Treasury plans to reise between filbn and fl.5bn (\$2.25bn) this summer through the sale of bonds issued by privatised companies, including British Telecommunications, the power generators and regional electricity distributors.

Salomon Brothers, the US investment bank acting for the Treasury, said yesterday that the privatised companies were being offered the first chance to buy back their debt. The companies have been asked to submit indicative hids for the debt by June 17, after which the Treasury will draw up a list of the bonds to be offered for sale.

Investment banks will also be

offered the chance to indicate the

price at which they feel they can

The Treasury hopes this element of competition will maximise the return to the UK taxpayer. The Treasury still holds about

£2.75bn of debt from former nationalised industries, about half of which was issued by BT. This summer's sale of debt forms part of the £5.5bn privatisation programme for 1994-95. The programme, announced in last

November's Budget, includes receipt of final payments for BTS shares and the sale of remaining stakes in the generators. Salomon said recent turmoil in bond markets had not affected the ability of companies to issue sterling denominated debt in the primary markets. City economists said the sale was likely to

succeed because of the quality of

the companies - BT and National

sell the debt to outside investors. Grid, for instance, have AAA ratings, the highest possible. But Mr Ian Shepherdson, of

Midland Global Markets, cantioned: "The price of almost all debt and equity instruments has fallen and it might not go as well as previous deht sales." Salomon said the privatised

companies had expressed considerable interest in buying back their debt. In April, Eastern Electricity bought back debt with a face value of £118m for £145m. The companies will also have the option of converting the bonds, issued at interest rates of around 12.5 per cent, into debt at current market rates. The high coupons on the outstanding bonds mean that the Treasury expects to sell them at 10-20 per cent above their

#### INTERNATIONAL COMPANIES AND FINANCE

### Unions delay merger of Japanese regional banks

plan inspired by the Japanese finance ministry to merge three small regional banks has been delayed by opposition from staff and

Kita-Nippoo Bank. Shokusan Bank and Tokuyo City Bank, all based in Tohoku, northern Japan, have shelved the accord. which was due to be signed at the end of last month.

To the ministry's annovance. uoions at Kita-Nippon and Shokusan objected on the grounds that Toknyo City's estimated Yt00bn (\$917m) of bad loans, larger than their

Mr Hirohisa Fuji, finance

The banks' executives are

now struggling to get the merger back on track and aim to call shareholders' meetings in the autumn in order to get approval. This is an unusual blow to the finance ministry's strategy

encouraging stronger regional hanks to take over weaker ones. The aim is to bolsbeets without a public bailout, achieve economies of scale in the fragmented regional hanking industry and avold a crisis of confidence in regional institutions.

The government has guided at least three such mergers in the past three years. Tokuyo City lost Y1hn before

his public blessing and said Y7.6bn loss in 1992, due to there would be more like it. Y1.6bn loss. The new institution to be called Heisei Bank, would beve deposits of Y2,190hn and 225 hranches, making it the fifth-largest of

the second-tier regional banks. In another sign of the indus-try's continuing debt problems, Apollo Leasing, an unquoted leasing company with Y530bn horrowings, yesterday admitted that it was asking its credi-

interest payments.

Apollo ohtained a rate reduction two years ago, hut says lt cannot sell property collateral fast enough to finance paymeots. Like many non-banking financial institutions, Apollo borrowed to lend on the back of property, the value of which has collapsed during the reces-

NKr300m In additioo, Reading and Bates will acquire Arcade Shipping's minority sharehold-ing in Dragon Oil for NKr18.26m, representing book

Leif Hoegh

in NKr195m

purchase of

shipowner

By Karen Fossil in Oslo

largest shipowners, has agreed to acquire control of Arcade Shipping, a small Norwegian

shipowner, for NKr195m

It is bnying 83 per cent of

Arcade from Reading and Bates, the US-based drilling

contractor, and plans a full

The deal is part of a package

in which Reading and Bates

has agreed to acquire a 46 per cent stake in an Arcade unit,

Arcade Drilling, for NKr6 a

share or an estimated

takeover of the company.

value of the interest.

Arcade's shareholders must agree to withdraw a legal claim against Reading and Bates for the US group's earller purchase of Arcade Invest-

Leif Hoegb is paying NKr1.80 a share. Arcade's shares prior to news of the deal were trading on the Oslo hourse around NKr1.45. Leif Hoegh will make a simllar offer to minority sbareholders. The deal brings to Leif Hoegh one bulk ship and three smaller RoRo ships. Leif Hoegh said that Arcade's fleet

fits well with its own activi-

#### Havas in \$30m ioint venture

Havas, the French media and leisure group, is joining forces with New Line Cinema, a subsidiary of Turner Broadcasting of the US, to develop interac tive computer games and multimedia products, writes John Ridding from Paris.

The companies will each invest \$30m in a joint venture, called NHP Partners LP. The joint venture, to be set

1993 oet profit of L787.3bn, up from L775bn a year earlier. Technical investment up in the next few weeks, will analyse the markets, investment opportunities and set totalled L8,400bn and cash flow np a global distribution rose 7 per cent to L10,126bn, the group said.

#### HungarHotels sale draws interest responsibility for subsequent By Nicholas Denton The potential bidders, which

Hungary's privatisation authorities have put Hungar-Hotels, the country's largest hotel chain with 15 hotels, up

The sale, targeted at international hotel groups, looks set to become one of the most hotly contested privatisation trans-actions in eastern Europe this

The sale of S1 per cent of HungarHotels is expected to raise about \$50m. CS First Boston, the US investment bank which is advising the SPA privatisation agency, said that 24 companies had registered ini-

have to submit preliminary offers by next month, are believed to include the Inter-continental, Forte and Holiday

Intercontinental, owner of the Forum hotel chain, is thought to be interested in maintaining Its counection with the Bndapest Forum, which is operated by Hungar-Hotels under a franchise agree-

Inn hotel groups.

While foreign ettention is likely to centre on specific hotels, the SPA is determined to avoid selling the group

The SPA wants to sell HungarHotels as a single

restructuring.
The transaction represents the international hotel industry's - and other investors' last chance to acquire an interest in an established hotel operation in Hungary.

Intercontinental lost the franchise of the flagship Budapest botel, the Duna Intercontinental, when a consortium led hy Marriot of the US offered \$53m and won an auction for

the property. Two of Hungary's hig three hotel chains have been priva-tised. Danuhius Hotels was sold to portfolio investors, and Pannonia Hotels to Accor, the

Hotels has dragged on for four years, hampered by recession in the international botel market, confusion over title to property and the need to trim an unwieldy company.

The company's management is known to have pushed hard for a stock market flotation, hut Hungar Hotels' weak results made this route diffi-

cult to justify.

Profits, at the operating level, halved to Ft431m (\$4m) in 1993 on turnover of Ft6.93bn.

The slow pace of work on the 1996 world expo in Budapest has begun to dampen expectations about tourist levels in Hungary over the next couple

Nokia beats

expectations

By Christopher Brown-Humes

Nokla, the Finnish tele-

communications group, yester-

day outstripped market expec-

tations when it announced e

preliminary operating profit of

FM854m (\$155m) for the first four months, more than double

Rising profits in the group's

two main divisions, fixed tele-

communications and mobile

phones, were the main reason for the upturn.

There was a sharply reduced

loss from the troubled con-

sumer electronics division and

a better result from the cables

last year's FM362m.

market

### Boots surpasses forecasts with 19% underlying profits advance

By Neil Buckley in London Boots yesterday shrugged off problems at its pharmaceuti-cals and DIV businesses to beat the best City of Loudon forecasts with a t9 per cent increase in underlying profits. After exceptional charges of £68.5m, relating mainly to withdrawal of the Manoplax heart drug and restructuring of the Do It All joint veoture, pretax profits rose 2.6 per cent to £415.9m (\$626m) from £405.2m. Before the charges, pre-tax profits were £484,4m - some

on turnover which tucreased 5.2 per cent to £4.17bn. Buoyed by a proposed final dividend of 10.1p, lifting the total pay-out 12 per cent to 15p, the shares gained 22p to 527p

£20m higher than forecasts -

in Loodon. Sir James Blyth, chief executive, sald Boots was reaping the beoefits of developing its own brand and vertical inte-

A higher proportion of ownlabel sales helped Boots the Chemists again to lift its operating margin - from 10.7 per cent to 11.5 per cent - with operating profits increasing to C32' um from P285m



Sir James Blyth; assessing merger and sale opportunities

Boots Cootract Manufacturing, the cosmetics and healthcare busloess which sells almost two-thirds of its output to Boots the Chemists, in turn raised profits nearly a quarter

Own-label sales were growing at Halfords and Boots Opticians, which both lifted profits, and at Children's World and Do It All which reduced their

Boots and its partner WH Smith are selling 100 Do It All

stores, reducing the chain to

The prescription drugs business, Boots Pharmaceuticals. raised profits to £94.2m from £91.4m in spite of the failure of Manoplax, hut Sir James said the strategic review of the husiness was continuing. He confirmed that a merchant hank was assessing merger and sale opportunities.

"This is a complex process and we won't be rushed," he said. "All options remain Boots Healthcare interna-

tional, the over-the-counter drugs divisioo, more than douhled operating profits to £6.6m. Sir James is keep to expand Heeltbcare International through acquisitions and has the cash to do so. Boots transformed £303.8m debts into net cash of £69m - before £94m proceeds from the sale last week of Farleys baby foods to HJ Heinz - in spite of record capital spending of £224m.

Much of that went on the retail

businesses with Boots the Chemists adding 48 stores. Earnings per share, after exceptional items, increased to

#### Speculation boosts Euro Disney The prince, e nephew of King Fahd, has already made his

By Alice Rawethorn in Paris

Euro Disney, the troubled leisure group, yesterday saw its shares rise FFr1.85 to FFr32.00 amid speculation that Prince Al-Waleed Bin Talal, the Saudi prince who plans to take a large stake in the company, was buying shares on the market

Prince Al-Waleed on Wednesday stunned investors with the announcement that he intended to buy up to 24.5 per cent of Euro Disney after the company's forthcoming FFr6bn (\$1bn) rights issue.

Stet improves

Stet, the Italian tele-

to L1,539bn

agencies report.

name as an international investor by taking stakes in Citicorp and Saks 5th Avenue. In the deal with Euro Disney and Walt Disney, its US parent company, he will bny any shares that are not taken up in the rights issue.

Under the terms of the deal the prince is entitled to buy, at the rights price, e maximum 24.5 per cent stake in Euro Disney by sub-underwriting the rights issue or buying shares directly from Walt Disney.
The prince approached Dis-

ney last summer through Car-lyle, his Washington-besed advisers. However, he appeared last autumn to have cooled on the deal as Euro Disney's financial problems escalated. He renewed contact with Disney five weeks ago when it became epparent that Euro Disney's banks would agree to a FFr13bn rescue package.

Market reports suggested the prince was buying Euro Disney shares to establish a stake before the company announces the terms of the rights issue at an EGM next Wednesday.

### **ING** lifted by strong insurance operations

By Ronald van de Krol

communications group due to be privatised, reported a net profit of L1,539bn (\$910m) for ING Group, the Dutch 1993, np from L1,425bn in 1992, financial services company, increased net profit by more than 25 per cent to F1501m Gross operating profit rose by L1,160bn to L14,843bn on (\$270m) in the first quarter of

revenues 9.6 per cent higher at 1994 from the same period of L29,800bn, Stet said. Net debt at the end of the year stood at L22,085bn, a Turnover was down slightly at Fl 9.31bn compared with F 19.40bn, partly reflecting the deconsolidation in April 1993 of reduction of more than L800hn

compared with the end of two insurance subsidiaries, The parent group reported a

Orion and the NRG. The profits advance was helped by strong insurance Pre-tax results from insurance surged by nearly 50 per cent to Fi 354m from Fl 243m.

for life and general insurance, while losses narrowed in ING's

non-life business. The deconsolidation of Orion and NRG meant ING was able to reduce most of its exposure to the loss-making reinsurance

ING's insurance operations in the Czech Republic contributed to profits for the first time in the quarter. The jump in insurance prof-

its contrasts with a more moderate 5.4 per cent increase in pre-tax banking profits to Fl 314m from Fl 298m. For the whole of 1994 ING expects its results to at least

match those for 1993.

and machinery activities.
Sales climbed 21 per cent to FM8.56bn from FM7.09bn. Underlying sales growth which strips out the effects of currency movements, acquisitions and disposals amounted to 33 per cent.

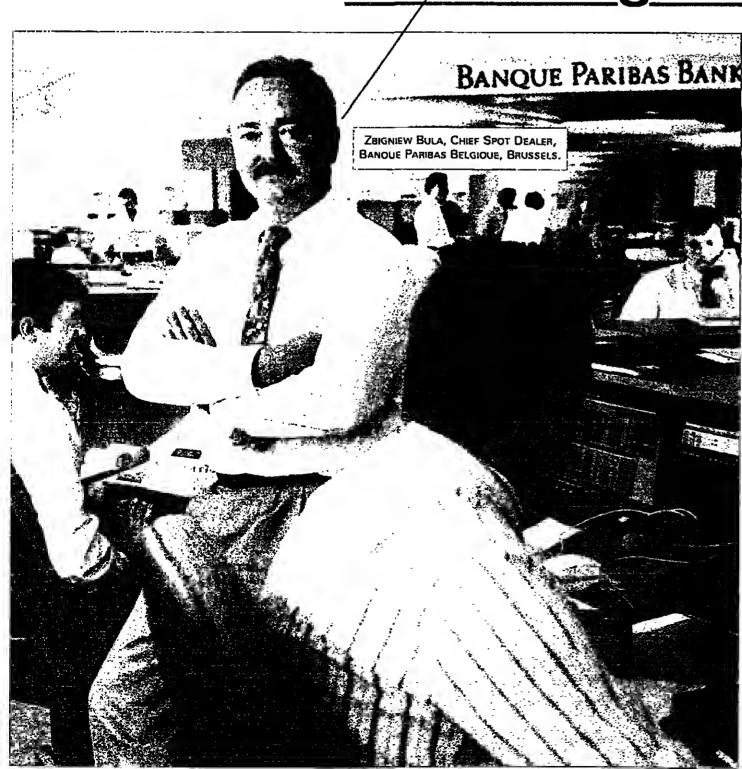
Nokia said fixed telecommnnications and mobile phones sales had risen strongly, although it did not supply figures.

Consumer electronics sales declined slightly, while cables and machinery sales

were largely unchanged. Nokia, which is the world's second largest supplier of mobile telephones after Motorola of the US, said last week It planned to raise more than FM2bn of new equity through an international share issue.

Andreas Andrea

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etallgesellschaft has

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the ailing German group began

its fight to survive heavy oil-

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FRIDAY

APPRIL PLANT 14 121

through MG's 50.1 per cent stake in Toronto-based Metall Mining, have merely been identified as a possible candidate for disposal as part of the group's scramble to raise cash. Behind the scenes, however, MG is slowly but surely nearing the point of unveiling a public offer of its shares in Metall Mining which, at current market prices, are worth

about C\$500m (US\$360m). The offer is sufficiently close for MG, Metall and their advisers to be keenly watching investor response to the forthcoming initial public offering by Falconbridge, the Canadian nickel, copper and zinc producer. Due to be priced around June 15, the Falconbridge issue could raise C\$750m.

Metall Mining officials will brief analysts in London today on the progress made in removing the obstacles to MG's withdrawal. They are likely to report that of three hurdles which needed to be overcome. only one of any substance

The obstacles date back to

1987, when Metall was taken public as MG's vehicle for the expansion of its international mining interests.

Metall's varied portfolio includes a minority stake in the big Ok Tedi copper mine in Papua New Guinea, a controlling interest in Copper Range, an integrated US producer, and a string of valuable exploration properties stretching from Turkey to Australia.

Its top priority is to find or buy a big, low-cost copper deposit. In its non-copper busies. weak zinc orices have led Metall to shift its focus to gold. Projects in Turkey and the Canadian province of Quebec are expected to double annual gold output to 320,000 ounces over the next couple of

Metall also holds significant direct and indirect equity stakes in Teck Corporation and Cominco, two of Canada's most prominent mining companies.

Last September, before MG's troubles surfaced, the German company parked its copper smelting and refining interests in Europe and Indonesia with Metall. Most of these investments are joint ventures. Met-all's partners include Degussa,

the German metals group, and

Australia's MIM, as well as the

Keevil family of Vancouver,

who are large shareholders in Teck and Cominco.

fronic as it may seem, these partners demanded assurances when the projects were bundled into Metall that the fledgling Canadian company's stake would revert to its seemingly robust parent, if MG were to sever its ties with Metall. Under these agreements, MG would be obliged to pay Metall a fair market price for the

INTERNATIONAL COMPANIES AND FINANCE

Metallgesellschaft ready to quit mining

German group could raise C\$500m from sale of Canadian stake, writes Bernard Simon

Since MG's troubles surfaced, Mr Norman Keevil, chairman of Teck, has agreed to relinquish his right to require it to take over Metall's multiple-voting Class A shares in Teck if the German company spins off its stake in Met-

In the event of a third party taking control of Metall, however. Mr Keevil will acquire voting rights over Metall's interest in Teck as well as the right to buy the shares himself.

etall has also completed all but the formalities of an agreement under which it will peg its interest in Ok Tedi at 18 per cent, in partnership with BHP of Australia and the Papua New Guinea government The government, which will end up with 30 per cent, has pledged not to exercise its

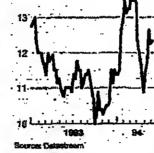
right of first refusal on Metall's

shares when MG sheds control

of the Canadian company.

Share price (CS)

Metali Mining



The one outstanding problem relates to Metall's interests in Norddeutsche Affinerie in Germany and Austria's Brixlegg, of the copper smelters which were transferred to it last year, it has yet to reach an agreement with MIM and Degussa, which have a first right of refusal on Metall's stake in the event of MG losing

control Dr Klaus Zeitler, Metall's chief executive, told the annual meeting on May 12 that "we will either continue to own our shares in these smelters or we will be paid the fair market value of these assets".

Metall's attractions to prospective buyers include its string of blue-chip properties plus its sturdy balance sheet.

which includes over CS1bn in equity and C\$300m in cash and short-term investments.

The recent surge in copper markets has improved its prospecis. A 10 per cent rise in prices would have boosted Metall's lacklustre 1998 earnings of C\$1.3m by another C\$21m.

Mr Ray Goldie, analyst at Richardson Greenshields in Toronto, recently raised his forecast of 1994 earnings from three cents to 16 cents a share, jumping to 62 cents in 1995. However, Metall also bas

some weak spots, notably its 84 per cent stake in Copper Range. Besides being a relatively high-cost producer, the Michigan-based company is under environmental pressures either to close its smelter or modernise it at a cost of US\$200m to \$250m.

Metall hopes to double Copper Range's ore reserves and cut costs by extracting metal from ptilars of previously mined-out areas.

Dr Zeitler expressed confidence at the annual meeting that Copper Range can be transformed "from a relatively high-cost producer to a modern, state-of-the-art, medium to low-cost producer within the next three to four years." But he acknowledged that progress will depend beavily on the absence of environmental "hio-

#### Italian bank | Royal Bank of Canada ahead 12% approves plans for

By Andrew Hill

The directors of Banca Commerciale Italiana, the newly privatised Italian bank, have formally approved plans to raise up to L2,362bn (\$1.5bn) through the issue of new shares and warrants. BCI said the fund-raising

fund-raising

proposals would be put to shareholders next month. The group said the cash raised would be used to ensure the balance of the structure of the group, faced with further development of its activity as a universal bank', and to consolidate the

traditional leadership position of BCI". The bank issued a statement last week outlining the plans, following increasing market speculation about a rights issue. Shareholders will also be asked to approve further capital increases of up to L2,000hn over the next five

BCI is negotiating to buy a 1 per cent stake in Commerzbank of Germany, and is part of the consortium bidding for a large minority stake in Creditanstalt, the Austrian bank set for privati-

#### Corning adds to science business

sation.

Corning, the US specialty glass and laboratory services group, is acquiring Nichols Institute. a clinical testing company, in a deal valued at about \$325m, Reuter reports from New

Corning, which will merge California-based Nichols Institute with its Corning Life Sciences unit, is paying \$13 for

each Nichols share.

Mr Albert Nichols, chairman
of Nichols and holder of about
60 per cent of the outstanding shares of the company, said he would vote in lavour.

Wolfsburg -

Payment of Dividend

Coupons should be lodged with:

**VOLKSWAGEN AG** 

Notice is hereby given to shareholders that following e resolution

Nouse is nerecy given to starsholders that following e resolution passed at the Annual General Meeting of shareholders held on 1st June, 1994 at dividend for the financial year ended 31st December, 1993 will be past, as from 2nd June, 1994, at the rate of DM 2.00 per ordinary share of DM 50 nominal value against presentation of Coupon No. 53 and DM 2.00 per eligible preferred share of DM 50 nominal value against presentation of Coupon No. 8.

All payments will be subject to a deduction of German tax at a rate of 25 per cent, and, in the absence of evidence as to the recipients's non-residence in the United Kingdom, a further deduction of United Kingdom income tax at a rate of 5 per cent.

Coupons will be peld at the rate of exchange on the day of presentation

Under certain conditions, shareholders residing in the United Kingdom can deima partial refund of the deducted German tax in accordance with the doubte toxason treaty between the United Kingdom and Germany.

The German tax chargeable in accordance with that treaty is treated as

S.G.Warburg & Co. Ltd. Paying Appency , 2 Finsbury Avenue, London EC2M 2PA

from whom appropriate claim forms can be obtained.

### By Robert Gibbens

The Royal Bank of Canada has attributed a a 12 per cent gain in second-quarter profit to strengths in retail and investment banking and the contribution from Royal Trust, acquired last September.

The bank, Canada's biggest, said net profit advanced to C\$278m (US\$196.9m), or 74 cents a share, up from C\$243m, or 64 cents, a year earlier. Total assets at April 13 stood at C\$168bn, compared with C\$143bn.

Return on average assets

was 0.67 per cent, against 0.72 per cent last time. The 1983 period did not include Royal Return on equity was 16.1

per cent, up from 13.7 per Mr Allan Taylor, chairman, said loan quality was improving, costs were being reduced, and Royal Trust operations were being integrated quickly.

reduced by 41 units to a total Net interest income at the bank itself was 2.87 per cent of

per cent a year earlier. Other income was up 33 per cent, with strong brokerage, investment banking and money management results. Royal Trust's contribution was

Non-interest expense dipped 2 per cent and total payroll was down 5 per cent. Provision for credit losses was C\$205m, up slightly, and By June 30, the Royal Trust network will have been the total fiscal 1994 provision is forecast at C\$830m, down from C\$1.75bn. Total non-performing

oans were C\$5.8bn at April 30, down 24 per cent. The reduction was due partly to the fact average assets, against 3.09 that Brazilian deht now has

performing status.

First-half net profit rose to C\$573m, or C\$1.56 a share, up from C\$497m, or C\$1.35, a year earlier. Return on assets was 0.70 per cent, against 0.72 per cent, and on equity 17 per cent compared with 14.3 per

· Laurentian Bank, part of the Desjardins financial services group, posted secondquarter net profit of C39.3m, or 44 cents a share, ahead from C\$8.3m, or 38 cents, a year earlier. First-half profit was C\$18.7m, or 88 cents a share, against C\$15.8m, or 74

### CIBC earnings rise 20%

By Robert Gibbens

Canadian Imperial Bank of Commerce, Canada's secondbiggest bank, saw net profits rise 20 per cent in the second quarter, and 23 per cent in the

Retail and corporate banking results were strong in the second quarter, said Mr Al Flood, chairman, and net non-performing loans declined for the fifth consecutive quarter.

However, the investment banking unit was slowed by volatile markets and lower trading activity.

CIBC's net profit for the three months ending April 30 year earlier. Net in was C\$217m (US\$156m) or 86 income rose 4 per cent.

Anglovaal, one of South

Africa's leading conglomerates

with interests in mining, food

and diamonds, is seeking to

raise R300m (\$82m) through an international offering of low-

voting 'N' shares.
According to bookrunner

S.G. Warburg, this is the first international equity offering

by a South African company

since the country's general election in April.

The proceeds will be used to

finance Anglovaal's planned

By Antonia Sharpe

cents a share, against C\$180m or 75 cents a year earlier. The latest period included C\$18m from the sale of the bank's UK mortgage subsidiary.

First-half earnings were C\$431m, or C\$1.72 a share, compared with C\$349m or C\$1.49 a year earlier. Second-quarter return on assets rose to 0.61 per cent from 0.54 per cent, and on equity to 11.9 per cent from 10.8 per cent.

Non-interest income was strong. Wood Gundy, the investment banking unit, could not keep up the pace of the record first quarter, but still registered an increase on a year earlier. Net interest

Anglovaal to raise R300m

manufacturer.

similar deals.

acquisition of Willards, a South African potato-crisp

The issue's performance is

likely to be closely monitored

by other South African compa-

nies which are considering

A total of 2.5m 'N' shares

will be sold on a global basis,

to US investors under the Securities & Exchange Com-

mission's Rule 144A, which

allows exemption from many

normal disclosure require

and they will also be available

Total assets reached C\$147bn, up C\$2.6bn. Net non-performing loans at April 30 were C\$1.98bn or 1.9

per cent of total loans and acceptances, down from 2.9 per cent a year earlier. Loan loss provisions for fiscal 1994 were unchanged at C\$880m, half of which was charged in the first two quarters. Actual loan loss in fiscal

1993 was C\$920m. · Cadillac Fairview, the North American property group which is restructuring its C\$5bn (US\$3.6bn) debt, has sold its half-interest in three Canadian shopping malls to the Ontario Teachers' Pension Plan Board for \$150m.

The shares closed at R130 in

The company is due to start

an international roadshow

next week and the shares are

likely to be priced on June 23,

the day after the South African

hudget. The offer closes on

News that the International

Finance Corporation, the pri-

vate sector arm of the World Bank, will include South

Africa in its global index with

a weighting of 13 per cent has

increased international inves-

tor interest in the country.

Johannesburg yesterday.

June 30.

### debt rating Moody's, the New York-based

rating agency, has downgraded Canada's foreign-currency debi to reflect concern over growing federal and provincial borrow ing requirements. The downgrade, from AAA

Canadian Wheat Board

Loans denominated in Canadian dollars, which make up the bulk of government borrowings, are not affected.

Prices on the domestic bond market fell slightly after the Moody's announcement. Standard & Poor's, the other large rating agency, lowered its rat-

Moody's said the federal government and the provinces face a "long and difficult" task in containing their respective debts. While recent deficitcutting measures were expected to continue, the agency said that there was a risk "that a deviation from the mediumterm programmes of a number of important public sector issuers could occur".

### Moody's downgrades Canadian

By Bernard Simon in Toronto

the highest rating, to AA1, affects about US\$8.5bn of securities, issued by the federal government as well as agencies such as the Export Develop ment Corporation and the

ing early last year.



Mortgage Funding Corporation No.5 PLC (Incorporated in England and Wales with limited liability under registered number 2079671) Class A Multi-Class Mortgage Backed Floating Rate Notes due November, 2035

Class A-1 £110,000,000 Class A-3 £17,500,000 Class A-2 £ 80,000,000 Messanine Notes £18,500,000

For the interest period 31st May, 1994 to 31st August, 1994 the Class A-1 Notes will bear interest at 5.62% per annum. Interest payable on 31st August, 1994 will amount to £567.12 per £40,000 Note. The Class A-2 Notes will bear interest at 5.80% per annum. Interest payable on 31st August, 1994 will amount to £1,461.92 per £100,000 Note. The Class A-3 Notes will bear interest at 5.95% per arrum. Interest payable on 31st August, 1994 will amount to £1,499.73 per £100,000 Note. The Membrain Notes will bear interest at 5.95% per arrum. Interest payable on 31st August, 1994 will amount to £1,499.73 per £100,000 Note. The Membrain Notes will bear interest at 5.95% per arrum. interest at 6.35% per annum. Interest payable on 31st August, 1994 will amount to £1,600.55 per £100,000 Note.

Bankers Trust Company, London

Agent Bank

#### U.S. \$120,000,000 IBM

US\$30,000,000 Floating Rate Notes due December 1995

OSSECU, (NO., NOV. Frostelling. Platte Protest and December 1999)
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(Platted Safethy Recognizer Coupon No. 3 as expect of USS (Q.000 control of the Notes will be USS 462.50 and in respect of USS 100,000 nominal of the notes will be USS 402.50 and in respect of USS 100,000 nominal of the Notes will be USS 1,552.50. Jose 3, 1994, London By: Cabook, N.A. [issuer Services], Agent Bonk



For more information on editorial context and details of advectising opportunities available is this corvey,

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### **Templeton**

Templeton Global Strategy Sicav
Registered Office: 30, Grand- Rue, L-1660 Luxembourg, R.C. Luxembourg B-35117

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#### Convening Notice

The shareholders of Templeton Global Strategy Sieav are hereby convened to assist at an extraordinary meeting of shareholders to be held on 20th June 1994 at 11.00 am in Luxembourg at Centre Neuberg. 30, Grand-Rue, L-1660 Luxembourg to vote and deliberate on the following

- 1. to approve the merger of the sub-fund "Templeton Indonesia Fund" into the sub-fund "Templeton Far East Fund" with effect from 1st August 1994 in accordance with the provisions of Article 5, last paragraph, of the Articles of Incorporation
- to approve the merger of the sub-fund "Developing Growth Stock Fund" ioto the sub-fund "Templeton Smaller Companies Fund" with efffect from 1st August 1994 in accordance with the provisions of Article 5, last paragraph, of the Articles of
- 3. to amend Articles 5, 17, 23, 27 and 28 of the Articles of Incorporation with the purpose: to permit the creation of sub-classes of shares with specific sales and redemption charge structures or hedging policies as the Board of Directors may decide from time to time; to permit the Board of Directors to decide in specific circumstances the liquidation of a
- to permit the Board of Directors in specific circumstances to decide the merger of
- to replace the specific reference to "Templeton, Galbraith & Hansberger -Ltd", hy a global reference to companies of, or affiliated with the Templeton Group and to delete any specific reference to Banque Internationale à Luxembourg.
- The full text of the proposed amendments of the Articles of Incorporation is available for inspection at the address set forth above. to ratify the appointment of Messrs Charles E. Johnson, Diekson & Anderson and Gregory E. McGowan as additional directors of the company.

Shareholders are further informed that an updated Prospectus has been approved by the Roard of Directors and copies thereof may be obtained, free of charge, at the address set forth above. In order for the meeting to be able to validly deliberate on items I to 3 above, at least 50% of the shares issued must be represented at the meeting. Any decision in favour of the resolutions must be approved by shareholders holding at least 2/3 of the shares represented at the meeting. Items and 2 of the agenda require, in addition, the same quorum and majority conditions in respect of the shares issued in the sub-funds "Templeton Indonesia Fund" and "Developing Growth Stock Fund", respectively.

No quoram is required for item 4 on the agenda and the ratification of the appointment of the directors may be resolved by a simple majority of the shares represented at the meeting. Only shareholders of record on May 31, 1994 are cotilled to notice of the extraordinary general ng of shareholders and nr any adjournments thereof.

Proxy forms are available at the address set forth above. Bearer shareholders are requested to deposit their shares at Ranque Internationale à Luxembourg at least 3 clear days prior to the date

### "HOLDERBANK"

Figancière Staris Ltd. CH-8750 Glaris

#### Notice to the Holders of US\$ 110,000,000 41/2% Subordinated Convertible Bonds due 2008 **HOFI** International Finance Limited

(incorporated with limited liability in the Cayman Islands)

guaranteed on a subordinated basis by, and convertible into Bearer Shares of,

"Holderbank" Financière Glaris Ltd. (incorporated with limited liability in Switzerland)

The Board of Directors of "Holderbank" Financière Glaris Ltd. will propose to the Annual General Meeting of Shareholders to be beld on June 24, 1994, the approval of the creation of conditional share capital in the amount of maximum SFr. 15,250,000 through the issue of a maximum of 305,000 fully paid-up bearer shares with a par value of SFr. 50 each. The Board of Directors envisages to use a part of this conditional share capital to secure warrant rights that are to be granted to the current shareholders.

The conversion price will be adjusted in accordance with the terms set forth in the Trust Deed.

XS0045079083

4507908

Glaris, June 3, 1994

"Holderbank" Financière Glaris Ltd.

Swiss Security number Common Code

Britain's Ethnic Businesses on Unergen October 13

> The survey will report on the important contribu

> In the United Kingdom. It

will examine bow their

future prospects will be

frome and from abroad, and

how they are responding to

the challenge of economic

revival to the UK.

#### Crédit Local de France USD 150,000,000

Collared Floating Rate Notes due 2002 In accordance with the Terms and Conditions of the Notes, no-

of 5% per annum. The Coupon Amount payable on the relevent Interest Payment Date, December 02, 1994 will be USD 25.42 per USD 1,000 principal amount of Note, USD 254.17 per USD 10,000

tice is hereby given that for the Interest Period from June 02,

1994 to December 02, 1994 the Notes will carry an Interest Rate

USD 2.541.67 per USD 100.000 principal amount of Note.



AUSTRALIA AND NEW ZEALAND & ANKING CRG GROUP LIMITED Sterling Floating Pate Notes due 1997 £125,000,000

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from May 31st, 1994 to August 31st, 1994, has been fixed at 5.375 per cent. per annum.
On August 31st, 1994 interest of sterling
67.74 per sterling 5,000 nominal
amount of the Notes, and interest of
sterling 338.70 per sterling 25,000
nominal amount of the Notes, wilt be

due against Coupon No. 39.

London

In accordance with the provisions of the Nozes, notice is hereby given that the Rate all Interest for the three mount period ending 31st August, 1994 has been itsed at 5.40% per amoun. The interest, account for such three mount period will be £136.10 per £10,000 Bearer Note, and £136.10 per £100,000 Bearer Note, on 3tst August, 1994 against presentation of Coupon No. 13.

Union Bank of Switzerland London Branch Agent Bank

Floating Rate Notes due 1995



31st May, 1994



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agridit and can be sat agents in accordance with that a early is treated as a gradit and can be sat agents the income tax liability of a shareholder existent in the United Kingdom. The Company's United Kingdom poving registry will, upon request, provide shareholders or their agents with the agents with the existence form to enable e refund request to be made to the German important equation authorities. Multiplying, June 1994 The Board of Management

CREDIT LOCAL DE FRANCE FRANCE FRF 500,000,000 REVERSE FLOATER BONDS DUE 1999

for the denomination of FRF 10 000 FRF 6582,21 for the denomination of FRF 100 000

or the period June 1st 1994 to December 1st,

1994 the new rate has bean fixed at 13,16441% P.A. Next payment date: December 01, 1994 Coupon nr: 3 Amount: FRF 658,22

The Principal Paying Agent SOGENAL SOCIETE GENERALE

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LUXEMBOURG



### CCA to take over **Polish interests** of Coca-Cola

By Nikki Tait in Sydney

Coca-Cola Amatil (CCA), the quoted Australian soft drinks group which is 51 per centowned hy the Atlanta based Coca-Cola Company (CCC), is to expand its presence in centrai and eastern Europe by buying out its parent's interests in Poland in a cash deal. employees to its payroll. CCA, despite its Antipodean

No financial details have been CCC made its first direct investment in Poland three years ago. It is one of three franchise owners for Coca-Cola brands in the country - the others being Ringes, a Norweand and Indonesia. gian bottler, and Brau, an Austrian brewer. Ringes also owns a 51 per cent interest in a War-

saw hottling joint venture, with CCC holding the rest. CCA declined to say how much it expected to pay for its parent's interests, which cover brands such as Fanta, Sprite and Ronaga as well as Coke and Coke Lite. It said only that total investment in the Coca-

uted "a fair amount". CCA said the purchase would give it access to 22.4m consumers, plus a further 6m

Cola "system" in Poland had

amounted to around \$300m, of

which Coca-Cola had contrib-

est in the Warsaw joint venture. In volume terms, the parent company's Polish interests represent the supply of around 700m 8oz hottles a year. Assuming the deal goes ahead, CCA would own four of the seven manufacturing plants in Poland and add around 1,000

base, has been steadily amassing Coca Cola franchises in Austria and eastern Europe, as well as the Asia-Pacific region. However, It has only bought directly from its parent on two previous occasions: New Zea-

The company said it expected further overseas expansionary moves in the future which could involve either perent-owned or independent franchises and would not necessarily be concentrated in eastern

• Mr Dean Wills, Coca-Cola Amatil's managing director, yesterday announced that he was stepping down. CCA will appoint two joint managing directors - Mr Bill Gibson, currently deputy managing director, and Mr Norborne Cole, at present chief executive officer of Coca-Cola Beverages in France. Mr Wills stays on as

change of its year-end.

port infrastructure projects. The shares will go on offer to Institutions from June 6 with the final price to be set

is being co-ordinated by Nomnra International and Christiania Fonds. In a separate move, Stolt Partner, an Olso-listed ship-

It will issue 15 new shares for every four held to fund, with additional loan finance, the purchase of five secondband tankers valued at \$121m and twn new tankers from Stolt Parcel Tankers.

### group to seek listing

By Charles Batchelor.

in Oslo

Jinhni Shipping & Trans-portation, a Hong Kong-based company with a large fleet of dry bulk freighters, plans an Oslo Stock Exchange listing. It will be the first Asian company to be quoted on the Nor-wegian market.

reted in Bermuda, will issue np tn 49m shares to raise US\$90m after costs at an indicative price of between \$1.70 and \$2 a share.

The company, which forms part of the Hong Kong-listed Jinhui Holdings, plans an international share offering as well as a smaller public offering in Norway. It will issue shares equivalent of up to 49 per cent of its equity.

The Jinhui move follows a recent trend for private shiping groups to seek public listings to raise their profile and improve their ability to raise funds to finance the renewal of their fleets.

Jinhui made a pre-tax profit of \$11.6m on net revenues of \$18.2m in the year ended March 1994. It expects to make a profit of \$18.4m nn net revenne of \$30.5m in the year ended December 1994 after a

The company has a fleet of 35 vessels active in trade with China. It also trades commodities such as steel products and non-ferrons metals and has investments in Chinese trans-

nn about June 20. The offering

ping company, announced plans for a \$75m rights issue.

## HK shipping | Life insurers selling despite Nikkei's rally

Japan's biggest investors need to lift declining returns on assets, writes William Dawkins

omething has been missing from the Tokyo stock market's rally this

Japan's higgest investors, its life insurers, who own 12 per cent of the equity market's capitalisation according to the Tokyo Stock Exchange, have on the whole continued to sell shores even as the Nikkei index hit new highs for the year for four days running.

Nippon Life, Japan's largest institutional shareholder, admitted it planned to sell st least Y315bn (\$3.01bn) of shares hefore building up its equity portfolio again. Daiichi Life Jinhui, which is incorposays it is a small net buyer, yet insurers in general have stayed

> Foreign institutions, convinced that Japan is in the early stage of a recovery, have greedily snapped np the unwanted stock, not the first time this year that they have provided the impetus for a rise in prices.

on the sidelines.

Other Japanese institutional investors, formerly sellers, have also turned buyers for fear of missing out on the share price rises.

Traditionally, life insurers hence unquoted, so their financial pressures are less widely esponsibility to support the broadcast than is the case for have an unspoken public responsibility to support the market. Why have they changed?

Life insurers are selling shares because they badly need to boost their declining return on assets, according to a recent study\* by Mr Andrew Smith-

banks and industrial compa-

According to the study, the problem is that over-dependence on low yielding equities (a consequence of a rush into the stock market during tha

lapanese life in	tsurance	mausoy:	mvestment	returns
( triffion)		1992	1991	1990
otal assets (mean)		148.0	136.0	123.2
otal income		6.4	6.4	7.6
etum (%)		4.30	4.74	6.17
			Source ;	Smithers & Co

ers, a London economist. They can be expected to take every chance presented by a new rise in share prices to sell more, he predicts.

He cites a valuation by Tillinghast, a UK actuary, which suggests that the Japanese life insurance industry's liabilities may exceed its assets, if judged under more stringent international standards than used in

Japan's life insurers are mntual organisations and

share price rally in the late 1980s) has left the 27 leading life insurers with an average 4.3 per cent return on their Y148,000bn assets at the latest count in 1992.

A return of 4.3 per cent how ever, is well below the 4.96 per cent return the study estimates they needed last year to cover payouts to policy holders.

Insurers have reacted to the problem by obtaining finance ministry permission to reduce guaranteed returns to corpocompanies to increase direct contributions to their own pension funds, and hy increasing premiums. Japanese insurance portfolio

managers have already started to switch strategy in response to the collapse of asset prices. but probably not enough, the

They have become as stringent as Scottish investment trusts in valuing shares, according to stockbrokers in Tokyo. "If a company can't give its depreciation charges for the past 10 years down to the last yen, they won't even look at it," jokes one US

Insurers have, as their recent share sales show, started to reduce their proportional exposure to equities, in the search for better performing investments. Equities accounted for 8 per cent of their net outflows last year, well below the 26 per cent of assets or Y40,000hn held in shares at estimated market value, the survey esti-

But this moderate change in new investment flows is insuf-

ficient to lift the return oo rate annuities, so requiring assets enough to meet current liabilities, says Mr Smithers, A wholesale portfolio reorganisation, away from low yielding equities into higher yielding

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bonds, is needed, he argues.

If life insurers were to move more equity funds and some of their Y9,700hn in cash and loans into government bonds, total returns could rise to 5,3 per cent, well above the required minimum, he calculates. This assumes equities yield 0.8 per cent and allows for the yield on the benchmark 10-year government bond to fall to 3.6 per cent, from its current 3.9 per cent.
The freedom of Japan's top

investors to unload shares will however, be limited by their own and the finance ministry's desire, to avoid hitting prices. Yet the life insurers' asset problems are applying a little publicised brake on the Nikkei's ability to rise.
\* Japanese Life Insurance: The

Industry's Problems and Stock Market Consequences. Smithers & Co Ltd. Sedgwick House, The Sedgwick Centre, London R1 &DX. Tel: 071-377-3765.

### Further fall at Dentsu

in Tokyo

Dentsu. Japan's largest advertising agency, yesterday reported its third year of profit decline, due to continued cuts in corporate advertising. Pre-tax profits fell 16.7 per

cent to Y13.1hn (\$125m) in the 12 months to March, on sales down 4 per cent to Y1,196bn, the second year of declining turnover.

Dentsu said large clients in basic industries ranging from motor vehicles and appliances to banks and securities firms had reduced advertising budgets in response to the adverse

economic climate. Television advertising revenues declined by 2.9 per cent, while newspaper advertising was down 6.2 per cent. Magazine and radio

advertising also fell. For the current fiscal year, however, Dentsu, which is unlisted, projects a 4 per cent rise in sales to Y1,164bn.

According to the company, big sporting events in 1994, such as World Cup soccer this summer in the US and the Asian Games this autumn in Hiroshima, will generate sub-stantial advertising revenues for the firm. In addition, Japanese industry is assuming a more confident tone.

#### news digest

#### **India's Tata Chemicals gains 94%**

Tata Chemicals, one of India's largest chemicals makers and a member of the Tata industrial group, has reported a 94 per cent increase in pre-tax profits for the year to the end of March to Rs2.2bn (\$70.9m), due to higher demand and gains from investments, writes Stefan Wagstyl in New Delhi.

The company made Rs682.6m profit from investments, mainly the sale of a stake in Tata Oil Mills, another Tata group member, which was sold to Hindustan Lever, the Indian affiliate of Unilever, the Anglo-Dutch combine

Without the investments gains, pre-tax profits rose 35 per cent to Rs1.5bn on a 31 per cent increase in sales to Rs6.4bn. Net profits rose almost threefold to Rs2.15bn. Tata Chemicals said the results did not yet include contributions from new detergent, cement and fertilisers plants or

from a recent expansion of soda ash capacity. These would all start contributing in the current financial year.

#### Flotation for Thai store operator

Siam Makro, tha Thai cash-and-carry store operator, is to be offered to the public iater this month at Bt50 a share, giving the expanding company a market capitalisa-tion of around Bt12bn (\$480m), writes William Barnes in Bangkok.

Earnings per share are forecast at Btl.25 this year which puts the offer price on a 40 times price-earnings multiple. However, the company said this price reflected the demand shown by investors during the company's roadshow to Hong Kong, Singapore, Edinburgh and London. Siam Makro, a joint venture

between the SHV group of the Netherlands and the local CP gronp, dominates discount shopping in Thailand. Funds raised through the flotation will be used for further

#### Fisher and Paykel slips to NZ\$27m

Fisher and Paykel, the Austral-asian white-goods manufacturer, yesterday reported a 2.9 per cent decline in operating profit to to NZ\$26.9m (US\$15.8m), but the chairman, Mr Colin Maiden, said the outlook was strong, writes Terry Hall in Wellington.

Mr Maiden said sales of white goods were huoyant - up 31 per cent to NZ\$172m in Australia and 8 per cent to NZ\$173.6m in New Zealand but earnings from other products were down.

The company declared an

unchanged final dividend of 8 cents, making a total of 16 cents a share.

#### Australian airline close to stalling

Australia Air, the only poten-tial new Australian international airline to emerge since the country the start of a competitive, deregulated aviation market looks set to abandon its efforts to take to the skies, writes Nikki Tait,

The fledgling company has admitted that it has little hope of raising the necessary start-np capital via a stock market flotation. Since a por-tion of its equity funding must come from within Australia, the only remaining hope is that a domestic investor steps forward. Given that Australia Air has been searching for capital for months, this seems

unlikely Australia Air was awarded rights to fly between Australia and China in March last year.

**Bridge urges** shareholders to reject bid

By Nikki Tait

Bridge Oil, the Australian oil and gas company which is the subject of a A\$295m (US\$226.9m) unsolicited bid from Texas based Parker & Parsley, said yesterday that independent valuations had suggested that Bridge shares were worth between A\$0.95

and A\$1.13.

It noted that this was substantially higher than the current 70 cents-a share cash offer from the US oil independent, and urged shareholders to

reject the bid. "The offer is a hiatantly opportunistic attempt to get you to sell your shares at a price well below their true value." commented Bridge

TO THE HOLDERS OF **PWA CORPORATION** 

CANADIAN AIRLINES INTERNATIONAL LTD. Yen Denominated Perpetual Debt

NOTICE OF ELECTION TO BE MADE PURSUANT TO THE PLAN OF ARRANGEMENT

implemented by PWA Corporation and Canadian Airlines International Ltd. on April 27, 1994

NOTICE IS HEREBY GIVEN THAT pursuant to the Plan of Arrangement (the "Plan") appended as Schedule "A" to the Order of the Court of Queen's Bench of Alberta dated March 30, 1994 and the Articles of Arrangement of PWA Corporation ("PWAC") filed with the Registrar of Corporations for the Province of Alberta, Canada, effective April 27, 1994 the 7 7/8% Convertible Subordinated Debentures (the "Debentures") of PWAC and the Yen Denominated Perpetual Debt (the "Perpetual Debt") of Canadian Airlines International Ltd. ("Canadian") are hereby called to be prepaid in full by the exchange of the Debentures and the Perpetual Debt into a combination of certain securities of PWAC.

In the case of Debentures, the exchange shall be made, pursuant to an election by the Debentureholder, through the issuance of either a combination of common shares ("Common Shares") or non-voting shares ("Non-Voting Shares") and redeemable warrants ("Redeemable Warrants") of PWAC (carrying the right to purchase Common Shares or Non-Voting Shares of PWAC), or a combination of Common Shares or Non-Voting Shares, Redeemable Warrants and Subordinated Notes ("Subordinated Notes") of PWAC. Common Shares will be delivered to the holder of Debentures where the beneficial owner thereof is a "Canadian" within the meaning of the National Transportation Act. 1987 (the "NTA") and, where the beneficial owner of Debentures is a not a "Canadian" within the meaning of the NTA, the Debentures will be prepaid with Non-Voting Shares or at the holder's extinct the sweet the beneficial owner of the NTA. Transportation Act. 1989 (the THTA') and, where the periencial owner or becentures is a not a Carpanian within the Instance of Common the Debentures will be prepaid with Non-Voting Shares or, at the holder's option, may be prepaid through the Issuance of Common Sharos designated as held by "non-Canadians" in a number allowable under the NTA, and thereafter, if necessary, the balance of such holder's Debentures shall be prepaid with Non-Voting Shares. The Common Shares and Common Shares designated as held by "non-Conadians" are in all respects, other than notice of the non-Canadian statue of the beneficial owner, equal and trade in the same manner.

In the case of Perpetual Debt, the exchange shall be made, pursuent to an election by the Perpetual Debtholder, through the Issuance of other a combination of nights convertible into Non-Voting Shares ("Rights") and Redeemable Warrants, or a combination of Rights, Redeemable Warrants and Subordinated Notes. Upon the issuance of any Rights to a holder of Perpetual Debt, the Rights will be immediately converted into Non-Voting Shares, and all such Non-Voting Shares shall be delivered in lieu of Rights.

Holders of Debentures electing to receive a combination of Common Shares or Non-Voting Shares and Redeemable Warrants shall be entitled to receive (i) 750 Redeemable Warrants in respect of each \$1,000 principal amount of Debentures and (ii) 827 Common Shares or Non-Voting Shares in respect of each \$1,000 principal amount of Debentures and interest accrued to November 29, 1992. The issue price of the Common Shares for the purpose of the Plan is \$1.25.

Holders of Perpetual Debt electing to receive a combination of Rights and Redeemable Warrants shall be entitled to receive (i) 750 Redeemable Warrants in respect of each \$1,000 principal amount of Perpetual Debt held (translated at the rate of 96.81 Yen per Canadian Dollar) and (ii) 927 Rights in respect of each \$1,000 principal amount of Perpetual Debt held and interest accrued to November Holders of Debentures and Perpetual Debt electing to receive a combination of Common Shares or Non-Voting Shares, Redeemable Warrants and Subordinated Notes or a combination of Rights, Redeemable Warrants and Subordinated Notes respectively, may elect to receive Subordinated Notes in an amount up to 40% of the principal amount outstanding of Debentures or Perpetual Debt held by such holder, plus accrued interest to November 29, 1992 and shall be entitled to receive Common Shares, Non-Voting Shares or Rights and Redeemable Warrants as the case may be, with respect to the balance of the amount of Debentures or Perpetual Debt held by such holder, calculated in accordance with the applicable formula set out in the paragraphe above.

The combination of PWAC securities to be issued on the exchange of the Debentures and Perpetual Debt shall be determined by an election to be made by the holder of the Debentures or Perpetual Debt under a letter of transmittal ("Letter of Transmittal") mailed to each registered holder by ordinary first class mail. Holders of Debentures who have not received a Letter of Transmittal by ordinary first class

mail by June 20, 1994 should contact. Montreal Trust Company of Canada 411 - 8th Avenue S.W. Calgary, Alberta Canada T2P 1E7

Phone: (403) 267-6511 (403) 267-6598

Attention: Corporate Trust Department Non-registered holders of Debentures should contact their nominee/depositary (i.e. bank, trust company, broker or other registered holder) which holds their Debentures on their behalf to obtain a Letter of Transmittal and to arrange for their prepayment. Holders of non-registered or "bearer" Debentures should contact the depositary with which they normally deel in respect of such

Debentures to obtain a Letter of Transmittal and arrange for their prepayment. Holders of Perpetual Debt who have not received a Letter of Transmittal by June 20, 1994 by ordinary first class mail should contact.

The R-M Trust Company 333 · 7th Avenue S.W. Calgary, Alberta

Phone: (403) 232-2401 Fax: (403) 264-2100

Canada T2P 2Z1 Attention: Mr. Michael J. Guitard

Holders of Debentures or Perpetual Debt who have not advised PWAC of their election prior to the 30th day following the publication date of this notice shall be deemed for all purposes to have elected to receive a combination of Common Shares or Non-Voting Shares and Redeemable Warrants or a combination of Rights and Redeemable Warrants, respectively in prepayment in full of their outstanding obligations and such securities shall be issued as if the holders of Debentures or Perpetual Debt had elected to receive such securities.

DATED at Calgary, Alberta, Canada, May 27, 1994.

PWA CORPORATION CANADIAN AIRLINES INTERNATIONAL LTD.

#### **EUROPEAN COAL** AND STEEL COMMUNITY GBP 52.700.000 FLOATING RATE NOTES DUE 1997

For the period May 31, 1994 to November 30, 1994 the new rate has been fixed at 4,95%

P.A. Next payment date: November 30, 1994 Coupon nr. 5 Amount GBP 24,82

for the denomination of GBP 1 000 GBP 248,18 for the denomination of GBP 10 000 The Principal Paying

Agent SOGENAL SOCIETE GENERALE GROUP 15, Avenue Emile Reuter LUXEMBOURG



Nacional Financiera, S.N.C. US\$100.000.000 Collared floating rate notes

due December 1998 The notes will bear interest at 6.25% per annum for the interest period 3 June 1994 to 5 December 1994, Interest payable on 5 December 1994 will amount to US\$160.59 per US\$5,000 note and US\$1,211.81

per US\$100,000 note. Agent: Morgan Guaranty Trust Company **JPMorgan** 

> Notice to Shareholders and Warrantholders of Czech & Slovak

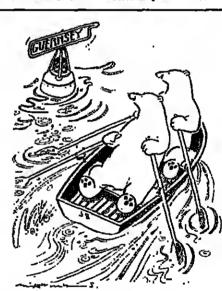
Investment Corporation Inc. Registered Office: Ugland House, Grand Cayman,

Cayman Islands, British West Indies Audited Report and Financial Statements for the year to 3ter March 1994

Copies of the Audited Renor and

Financial Statements for the year to 31st March 1994 are now vailable from the registered office of the company, from Robert Pleming & Co. Limited, 25 Coptiell Avenue, London EC2R 7DR and from Robert Fleming Management (Jersey) Limited. Queen's House, Don Road, St. Helicr, Jersey, JE2 4QD.

3rd June 1994



### Heading for the islands

Good news for private international investors: Bank Julius Baer (Guernsey) Ltd is

now open for business.

A member of the Julius Baer group - one of Switzerland's most prestigious private banking organisations - Bank Julius Baer (Guernsey) Ltd offers a wide range of off-

shore financial services. These include:

Asset management

If your fioancial needs call for sound off-

shore planning, simply get in touch with

Colin Grant or Michael Rivett-Carnac.

 Trust services Custody facilities General banking services

#### JB∞B BANK JULIUS BAER (GUERNSEY) LTD

P.O. Box 67, Frances House, Str William Place, St. Peter Port, Guernsey, Channel Islands, GYI 485, Telephone 0481-726618, Facsimile 0481-728813

Deposits with Bank Julius Baer [Guernsey] Ltd in Guernsey are not covered by the Deposit Protection Scheme under the Banking Act 1987. Bank Julius Baer (Guernsey) Ltd is registered in Guernsey under the Protection of Depositors (Builtwick of Guernsey) Ordinance 1971 as amended.

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE YOU SHOULD CONSULT YOUR PROFESSIONAL



Banco Santander, S.A.

Further Notice to the holders of the outstanding Ptas. 40,000,000,000 9 per cent.

Subordinated Conversion Bonds 1994 (the "Bonds") of Banco Santander, S.A. SUPPORTMATED CONVETSION BONDS 1994 (the "Bonds") of Banco Santander, S.A.

FURTHER NOTICE a green by Banco Santander, S.A. (the "Issuer") to the holders (the "Bondholders" of the Bonds of the Issuer of the procedures wheth they should follow with respect to their constituents to the Rights to addered in the Notice to Shareholders and Subordinated Bondholders of Rights toget published in the Financial Tower on its June, 1994 and to which reference should be made.

NEITHER THE RICHTS NOR THE INSTED STATES HAVE BEEN OR WILL BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1931. AS AMENOED, AND, SUBJECT TO CERTAIN BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1931. AS AMENOED, AND, SUBJECT TO CERTAIN EXCEPTIONS MAY NOT BE OFFEREO OR SOLO WITHIN ANY JURISDICTION OF THE UNITED STATES. Accordingly, New Shapes should not be taken up for the benefit of any person in the United States. Persons carevising Qubertipion Rights will be derivent to have represented and wateratted thereby to Euroclear, benefit of any person in the United States.

Benefit of any person in the United States.

Registered Bandholders who desire to sell their entitlement or subtembe for New Shares land who may do to under U.S. prescrities and Josonse can Just's should contact.

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The Chase Manhattan Bank, N.A.

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Wookpate House Columna Steet London EC2P 3HD who will scale the necessary attentionents with a custodian in Spain, including, as the case may be, the subscription upon receipt of the

randers who desire to sell their estitlement or subscribe for New Shares should contact. Eurocitar Custody Operations Deputement

Codel S.A. Brussels Tel: (322) 224 1211, teles: 61025

Lusembourg Tel: (352) 44 99 23 16, relea: 2791 one will make the necessary arrangements with a correction in Spain, including as the case may be the sub-

THIS NOTICE IS NOT AN OFFER NOR SHOULD IT BE CONSTRUED AS AN OFFER IT IS ADDRESSED SOLELY TO BONDHOLDERS.

### Short-covering lifts prices after volatile session

By Conner Middekmann in London and Frank McGurty to New York

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The heavy selling that has battered European government bond markets in recent days abated yesterday, allowing several markets to edge higher.

After a volatile session, prices were lifted in the afternoon by short-covering in the futures markets as traders squared positions ahead of today's US employment data.

The UK gilt market, which had dramatically underperformed the rest of Europe in the last few days, outper-formed its neighbours in a sharp rebound, especially among longer-dated maturities. Supported at the open by firmer US Treasuries, longerdated gilts were further boosted by investors shifting funds from the short end of the yield curve to the long end. However, many saw the

gains as largely technical after French bonds ended lower the recent sharp declines. despite the Bank of France's 10 There hasn't been a huge amount of cash buying - the market outperformed today because it massively underperformed in the last few days," said Mr Ian Shepherdson, of

Moreover, many traders were squaring their positions ahead of the US data, causing a shortsqueeze in the gilt future. Despite the market's strong performance, few felt it her-

Midland Global Markets.

alded the end of the sell-off. The long guit futures contract jumped by more than two points to 101%, while the 8% per cent glit due 2017 rose by more than three points to around 103%, its yield falling by 36 basis points on the day to

The sharp recovery caused the 10-year benchmark's yield premium over its German counterpart to narrow by some 30 basis points to 160 basis

despite the Bank of France's 10 basis point cut in its interven-

tion rate to 5.30 per cent. The auction of FFr19.9bn of debt, including FFr16.5bn of the new benchmark 6% per cent bonds due October 2004, went relatively well, with a bid-to-cover ratio of 2.1 on the

#### GOVERNMENT BONDS

10-year bond and a 3.1 bid-tocover ratio on the 6 per cent bonds due October 2025.

However, according to one Paris trader "it was a purely professionally driven auction\* He added that the lack of retail demand for the paper put heavy pressure on prices after the auction announcement.

The June notional bond contract on Matif fell by 0.68 points to 115.88, although it recovered to around 116.30 in after-hours trading on Globex.

With most parts of Germany closed for Corpus Christi holiday, the bund market was somewhat calmer, although the bund futures contract on Liffe remained unlatile, Rv late trading it had risen 0.30 points

■ Italian bonds also staged a cautious recovery, mainly on short-covering in the futures market. The June BTP future rose by 0.39 points to 107.43. In Spain, the Treasury at its latest auction allotted around

Pta90hn in three and five-year

paper but accepted no bids for

10 and 15-year bonds. This put a damper on market sentiment, and the June bond future fell by 0.15 points to

■ US Treasury bond prices improved yesterday morning as favourable economic news prompted traders to follow through on the previous ses sion's late rally.

Borrower US DOLLARS Seppora Srewerles@ Ankharn§(a) Krung Thai Benktic)

Province of Manitobe Gen. Bec. Capital Cana

AUSTRALIAN DOLLARS

By mid-day, the benchmark 30-year government bond was is higher at 86%, with the yield slipping to 7.347 per cent. At the short end, the two-year note was up 1 at 99%, to yield

5.925 per cent. Although the fundamental factors pushing European bonds lower had no direct influence on US Treasuries, traders are beginning to see the trend overseas as positive for the market.

The retreat in Europe could bring an influx of funds into US government securities, according to this view, especially if today's crucial May employment data proves favourable.

That prospect appeared to have played some part in Wednesday's afternoon rebound. The improvement came even though the morning's economic news contained a red flag on inflation.

Yesterday, the news was more positive for bonds. The

**NEW INTERNATIONAL BOND ISSUES** 

7.75 100.895 Jul.1997 1.50

Commerce Department said new orders for factory goods had dipped by 0.1 per cent m April. Economists had forecast

a slight gain. The decline suggests that the Federal Reserve's moves to tighter money this year are having the desired effect of slowing the economy and easing any incipient inflationary

The April index of leading indicators told much the same story. It held steady after a gain of 0.7 per cent the previous month.

The data, combined with stable commodity prices, brought a constructive mood to the

Still, there was an air of restraint, with today's employ ment data looming. Analysts are expecting an increase of

275,000 to 300,000 in non-farm payrolls and bonds are likely give back all of the week's price gains and more if the figure exceeds expectations.

working committee

### ISMA moves on settlement period

By Tracy Corrigan in New Orleans

The International Securities Market Association (ISMA) is to move to a three-day settlement period for all international securities trades with effect from June 1 1995.

The change, announced at ISMA's annual meeting, colncides with a reduction to threeday settlement in the US corporate bond market.

Currently, the standard settlement period for international bonds is seven calendar days. The reduction to three business days, rather than two, was favoured due to time zone. funding and foreign exchange difficulties.

"It became apparent early on in our meetings that [two-day settlement] would not be a realistic option for all ISMA members, due to the passing of information such as settlement instructions in different time zones," said Mr John Dowsett. chairman of the settlement

For three-day settlement, a business day is defined as "a day when both the major international clearing eystems

relevant cash markets of the underlying cash transaction are open." Allowance will also be made for public holidays falling between trade and set-

tlement dates. There are three main reasons for the change, according to Mr Dowsett: it will reduce systemic risk (the potential knock-on effect created by the failure of one institution to meet its obligations); market risk (the effect of price swings between trading and settlement dates); and counterparty risk (the risk of the financial failure of one party).

The sborter settlement period will also apply to domestic securities traded under ISMA rules, subject to local rules.

The working committee's decision was not unanimous. Mr Alain Servais, of Dewaay Servaio, a Belgian broking firm, registered reservations on behalf of members from his region. A shortening of the settlement period presents opecial difficulties for Belgian members as many Belgian retail investors hold their bonds in physical form.

### Rare two-year offering from the Province of Manitoba

New issuance in the eurobond market was muted yesterday due to the continued volatility

in financial markets. Choppy conditions this week have forced Salomon Brothers to delay the launch of a \$250m five-year issue for Japanese Development Bank because a fail in Japanese government bond prices played havoc with a currency swap linked to it.

Mr John Madden, Ontario's at C\$1.9bn this month, C\$500m assistant deputy minister of finance, confirmed yesterday that he was looking closely at the euroven sector but he declined to comment further.

INTERNATIONAL BONDS

Among yesterday'e deals, continued demand from retail investors in continental

in July and C\$1.9bn in August, and holders are keen to roll over their positions rather than realise the currency losses they have suffered. Manitoba's bonds were

priced to yield 20 basis points over the 7% per cent Canadian Treasury due 1996, which syndicate managers said was too tight, even taking the borrower's rarity value into account.
When the bonds were freed

Pinel terms and non-callable unless stated. The yield spread (over relevant government bondist issued is supplied by the lead manager, \$Convertible, \$With equity warrants. #Rosting rate note. It there is no offer price; fees are shown at the re-offer level, a) Conversion premium 15.8% over the close and 3% over the 5 day awaraps. Put 13/6/99 at 125.69 to yield 0 yr. U.S.Treessny plus 100bp. These year herd non cell then at 104 decising 1% per amuran to per subject to 140% hurdle for 30 days. Forex 2.58m. b) indicated premium 2.5%. Fixing 9/6/94. c) Coupon pays 9 month Libor + 0.375% had widened only to around 26 only marginally to 20 basis points while the price rose to 99.70 from a fixed re-offer level basis points, which partly

Day's change %

+0.29

**41.62** 

121.32

137.76 152.98 189.95 136.02

121.86

140.00

157,39 174,85

dollars. Elsewhere, Japan's Sapporo Brewerles issued the first eurodollar warrant bond eince

Up to 5 years (24)

5-15 years (22) Over 15 years (9) Irredeemables (6)

Yamaichi, the lead manager said that demand for the \$200m four-year offering came from across the board

It added that investors that did not want the equity exposure in the issue had swapped the bonds for floating-rate dollars, achieving a vield of Libor plus 20 basis points in the

2.27

3.28 1.06 2.50

4.34 5 yrs 5.32 15 yrs 4.06 20 yrs 6.36 insel.† 4.82

#### **Hoare Govett returns to** gilt-edged market making

yield -- Medium coupo Yr. ago Jun 2 Jun 1

8.51

7.11

Jun 2 Jun 1 Yr. ago

Hoare Govett, the UK stockbroker which now belongs to ABN Amro, the Dutcb Bank, has received approval from the Bank of England to become a gilt-edged market-maker (Gemm). It will start operations on June 6.

Hoare Govett was a Gemm at the time of "Big Bang" in the City of London, but withdrew from the gilts market in 1988 as part of cost-cutting measures by its then owner. Secu-

Several other foreign houses also stopped dealing in gilts in the late 1980s in the face of tough competition in an overcrowded market.

However, an improvement in conditions in the market in recent years bas prompted some to return.

There are 29 other Gemms, the most recent entrants being Merrill Lynch of the US, which pulled out in the late 1980s after incurring heavy losses. and Yamaichi of Japan.

8.81 9.24 9.05

Yr. ago Jun 2

Jun 2 Jun 1 Yr. ago

8.65

8.90 8.73

7.84 8.43 9.53

8.70 8.92

Jun 2 Jun 1 Yr, ago Jun 2 Jun 1 Yr, ago Jun 2 Jun 1 Yr, ago

#### reflected the stronger underlyof 99.55. The proceeds are thought to have been swapped However, syndicate manag-Europe for Canadian dollar to trade, the spread widened ing market. ers believe issuance will pick out as far as 34 basis points By contrast, the pricing on paper prompted a rare C\$150m up in the next few weeks. two-year offering from the over Treasuries, according to C\$100m five-year offering into floating-rate Canadian Province of Maniteba, which some dealers, before coming There are rumours that the from GE Capital Canada, at 18 Province of Ontario is close to last tapped the euro-Canadian back in to around 28 basis basis points over Canadian dollar sector six years ago. coming to the market now that points. Treasuries, was thought fair. When the bonds were freed the uncertainty over its rating Redemptions of Canadian However, lead manager has been dispelled. Wood Gundy said the spread dollar eurobonds are estimated to trade, the spread widened WORLD BOND PRICES BENCHMARK GOVERNMENT BONDS FT-ACTUARIES FIXED INTEREST INDICES Italy IN NOTIONAL ITALIAN GOVT, BOND (STP) FUTURES 09/04 04/04 06/04 12/04 05/96 04/04 05/04 101.0400 +0.270 93.4000 -0.200 85.8500 +1.000 Sett price Change Est vol Open int. 9.11 7.72 8.49 7.70 6.36 7.07 6.87 9.46 9.73 6.97 7.83 8.26 8.37 7.10 7.35 7.56 Low 90.3000 104.1250 86.4500 5 All stocks (61) M ITALIAN GOVT, BOND (BTP) FUTURES OPTIONS (LIFFE) Lin200m 100ths of 10096 9.98† 3.36 4.08 7.27 10.05 8.23 8.47 8.55 7.09 7.36 7.97 91.0000 +0.500 CALLS -0.330 +0.740 -0.460 -0.150 +29/32 9 Up to 5 years (2) 7 Over 5 years (11) 08/99 06/08 01/04 10/03 08/99 11/04 10/08 02/04 06/23 04/04 10600 10660 10700 90-24 88-05 103-22 91-19 86-26 86,8300 +64/32 +60/32 +27/32 +44/32 -0.110 ECU (French Govi) Spain London aloning. "New York mid-day \* Gross Including witholding tex at 12.5 per cent payeble by a Proces: (45, UK in \$2mis, others in decimal M NOTIONAL SPANISH BOND FUTURES (MEFF) Sett price Change US INTEREST RATES BOND FUTURES AND OPTIONS IN NOTIONAL TRENCH BOND FUTURES (MATIF) 117,00 115,88 -0.68 117,08 118,02 114,92 -0.68 116,06 115,12 114,02 -0.68 115,18 I LONG TERM FRENCH BOND OPTIONS (MATE) M ECU BOND FUTURES (MATIF) Open Sett price Change 84.02 83.40 -0.42 82.82 -0.46 High Low Est, vol. Open is M NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 1000ts of 100% Low Est. vol Open Int. 91.70 139564 91630 90.90 83184 82067 90.92 28 421 M US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100% High M BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100% Jul Aug Sep Dec 2.94 1.33 1.68 1.63 0.69 1.08 1.32 1.84 0.48 0.85 1.09 1.42 Jul Aug 0.80 1.19 1.05 1.44 1.35 1.71 IN NOTIONAL LONG YERM JAPANESE GOVT. BOND FUTURES (LEFFE) Y100m 1000m of 100% UK GILTS PRICES | 1248 | 1014 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 | 1015 |

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Further moves made into retail and industrial property

### MEPC advances to £47.6m

By Vanessa Houlder, **Property Correspondent** 

MEPC, the UK's second largest property company, announced pre-tax profits of £47.6m for the six months to end March, compared with £43.8m in the first half last year.

Lord alakenham, chairman, described the half year as "very active", as the group pursued its strategy of moving further into retail and indus-trial property and of huilding its overseas base.

MEPC has bought £363m of property since its last year end, including shopping centres in Los Angeles and Atlanta in the US and in Derhy, a portfolio of office and industrial properties in the West Midlands and an The shopping centre in Northridge, California, which was severely damaged by eartbquaka, is likely to he open, following refurbishment, in March 1995.

The pre-tax profits, generated from net income ahead from £108.6m to £112.6m, were boosted by £2.3m of property sales, against losses and provisions of £8.7m.

MEPC said that the move-ment in relevant property indices suggested an increase in value of about 12-14 per cent in the value of its UK portfolio in the six-month period.

Although there has been no revaluation of the property portfolio, net asset value per share has increased by 4 per cent from 416p to 431p. That

profit, currency movements 🗨 COMMENT plus the premium on the share issue for the acquisition of American Property Trust which took place in December

Mr James Tuckey, chief executive, said that signs of rental growth were "patchy". MEPC does not expect an early resumption of its development programme, although a few small developments were underway within its existing portfolio. Net interest costs rose from

£52.5m to £62.8m. Earnings per share increased from 7.8p to 8.3p and the interim dividend is held at

The comparisons with last year's reported figures are affected by the adoption of FRS 3 and 4.

#### spotlights its African After slightly disappointing

interim profits, MEPC looks set for a stronger performance in

the second half as additional

income from new acquisitions

since the market has lost some

of its momentum in the last

few months. However, with

gearing et just 50 per cent, net

ssets per share are unlikely to

exceed 520p at the end of Sep-tember. That puts the shares, which rose by 5p to close et

455p yesterday, on a discount of 12.5 per cent. Given a yield

of 5.5 per cent, assuming the

dividend is not cut, the shares

interests

Lonrho

By Peggy Hollinger

Lourho yesterday signalled the next stage in its plan to realise the value of its African kicks in and rent-free periods fade out. Pre-tax profits for the full year of about £105m seem assets hy saying it might float its general trading activities ible, but the second half is likely to be weaker than the first in terms of asset growth, on the Continent

The move follows the successful market debut earlier this year of Ashanti Goldfields, which valued Lonrho's 43 per cent stake at \$720m - five times its book value of £90m.

ft announced yesterday that it was considering selling e minority stake in its African businesses excluding mining or sugar. This though would leave a question mark over the future of these extensive and more profitable

operations.

Mr Tiny Rowland and Mr Dieter Bock, joint chief executives, said in a stateme yesterday that Lonrho was setting up a board committee to look at ways of trengthening the group's

African trading activities. The shares closed up 3p at 138%p. Lonrho has a diverse range of trading activities in Africa including motor and equipment distribution, textile manufacturing, electrical goods supply and aircraft

services management. The combined businesses are estimated to have a total turnover of up to £500m and were profitable last year. If a flotation is decided apon, it is likely that the

African company will come to the London market, and possibly another, within a year. It is estimated that Lonrho will be looking to sell a stake of about 30 per cent. The company said a sale would help it to determine

the value of a mixed range of businesses. It would also strengthen the operations by bringing in outside shareholders who might be repared to invest further in

Analysts said the move might be seen as part of a strategy to strip out lower growth businesses Mr Bock has been pursuing since he took charge of the group earlier this year.

### Eurotunnel in the grip of a financial vice

Eurotunnel's rights shares closed at 43p on their first day of trading yesterday, as the company's shares continued to rise following the resolution last week of its second debt crisis.

However, while the share price suggested renewed confidence on the long-term future, the rights document emphasises the financial vice in which Eurotunnel has found

The document lists the conditions attached to the compamy's latest £693m tranche of senior debt and the high price it has had to pay for its £50m top-up loan. The signing up of week's £858m rights issue, and about two thirds of the origi-nal 220 banks failed to partici-

The loans are due to fund the company through to projected profitability in 1998, and repayment is due between 2000 and 2006. Eurotunnel has predicted a first dividend in 2003, but according to the document, this will be contingent upon it achieving its refinancing projections between 2001 and 2008.

The hanks have attached tight conditions on the loans, which are based upon their own conservative projections, or banking cases, rather than Eurotunnel's. In addition, the company needs to demonstrate that net cash flow up to Febru-ary 2006, plus the balance of

certaiu Eurotunnel accounts. is one and a half times the amount of senior debt payable up to that date. If the figure falls below 1.2 times for more than 90 days, the company will be to default. Eurotunnel is confident that

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it has a comfortable £470m financial cushion, based on the agreed refinancing. This includes the 250m top-up loan from Morgan Grenfell and Warburg, which will cost 4 per cent over lenders' cost of funds, in addition to sizeable arrangement fees. Under existing agreements, it can also borrow a further £325m (et current exchange rates). If the company actually needs the money, however, it is likely to be in breach of those agree-

### Control Techniques edges ahead

By Paul Taylor

Shares in Control Techniques fell hy more than 9 per cent yesterday after the Powysbased electronic drives group reported a modest 3 per cent increase in interim profits on lower sales and hlamed "a slow start

in a poor first quarter". The shares closed down 45p at 442p after the group reported pre-tax profits of £3.84m after US reorganisation costs of £600,000 in the six mooths to March 31. against profits of £3.72m after reorganisation costs of £200,000 in the comparable

Turnover fell from £54.2m to £52.1m, reflecting the effects of the reorganisation in the US which resulted in the postponement of £1,4m of sales to the second half, Despite the setback, Mr Trevor Wheat-

ley, chairman, said the US operations.

which were acquired three years ago and

bave undergone substantial rationalisa-

tioo, were now in profit. "The second quarter moved ahead very strongly and order books are some 17 per cent ahead of the same time last year and showing signs of improving even further," he said. "Orders in April were an all-time record and over 40 per cent up on the same month last year."

Earnings in the first half increased by 10 per cent to 6.5p (5.9p), and the interim dividend is raised to 2.6p (2.35p) reflecting confidence about the outcome for the year as a whole and the fact that the reorganisation process is now substantially com-

Net interest costs fell to £524,000 (£807,000) elthough net borrowings increased to £13.8m at the end of March, up from £8.63m at the end of September. partly reflecting growth in stocks. The group opened four new CT Drive

Centres in Denmark, the Czech Republic, India and Norway during the first half hringing the total to 27 - more than half way to its target of 50.

COMMENT

A nervous market punished Control Techniques for surprising it with unexpected re-organisation costs and disappointing figures yesterday. Nevertheless, the funda-mentals remain strong, and provided orders are converted into sales, the outlook for the second half is good. Eliminating losses in the US and cutting costs in Germany will help margins, Pre-tax profits should reach at least £12m this year, producing earnings of 20p. Even after yesterday's fall the shares are still trading on a prospective multiple of 22.1, which reflects continued speculation about the intentions of Emerson Electric, the US group which bolds a 29.37 per cent stake.

### Sunleigh buys Maclaren for £19.2m

By David Wighton

sailing and golf, will be able to bny all their vehicles from Sunleigh after its acquisitioo

of Maclaren Gronp. The maker of Powakaddy motorised golf trolleys and Laser sailing dingles yesterday announced plans to pay up manufacturer of baby boggies

Founded 30 years ago by the Lazy bables, who enjoy a bit of late Mr Owen Finlay Maclaren, an aeronantical engineer, the group also makes golf trolley wheels. But Mr Alan Hancock, Sunleigb's chief executive, insisted there was rather more

to the deal than that. "The enlarged group will cover three distinct consumer durable sectors but the fundamental characteristics, cul-

tures and skills of the business are very similar." To fund the acquisition Sun-

leigh is increasing its share capital mora than fourfold with a conditional placing of 320.1m new shares at 6p. Sharebolders can apply for 96.5m of these on a 1-for-1

basis at the same price. Sunleigh is buying the business from the management

team who acquired it in 1990

from BET, which in turn bought it as part of its Hestair acquisition. Hestair bought it from the Maclaren family for £12.9m in 1988.

It made an operating profit of £2.3m on turnover of £26m in the year to August. Trading in Sunleigh's shares, suspended at 8p on the USM last week, should resume

on the Official List on June 30.

### Restructuring costs behind 49% decline at Union Intl

Union International, the trading arm of the Vestey group, yesterday announced a 49 per cent fall to £6.5m in pretax profits for 1993. However, that reflected the group's substantial restructur-

ing - its core husiness showed growth. Mr Terry Robinson, chief executive, has almost completed the group's refocusing on food processing and distri-bution, while reducing its enormous debt through the sale of

During 1993, total bank debt fell by £77.4m to £124.6m, helped by the sale of £96m of assets - including UK properties, its Australian fisheries business and Brazilian trading operations.
Turnover fell 25 per cent to

£891.5m as a result of disposals, but continuing operations showed an 8.3 per cent increase in sales and contributed £24.7m (£21m) in profit

£32.6m to £21.6m due to the debt reduction, but profits were beld back by an £8m exceptional loss, resulting from asset disposals.

In the UK, the food distribution businesses performed strongly. Weddel Swift Depots, the largest national meat wholesaler, achieved a 70 per cent increasa in operating profit to £1.1m. However, Union's retail chains of butch-

Dewburst, Alex Munro and Baxters - showed e decline in profits during the year.

The group's Australian busi-nesses, including meat packing, retail and wholesaling, and also a profitable property business, showed strong growth. There is speculation that these will be floated off but Mr Robinson refused to

pleted the group's refocusing on food processing and distri- bution, while reducing its enor- mous debt through the sale of non-core businesses.  "The company has moved	DIVIDENDS AN	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
from intensive care to recuper-	ABI Leisure	1.35	July 1	1.25		3.76
	Bertam	2.5	July 15	2.5	2.5	51
ation", be said. Mr Robinson'a	Bootsfin		Aug 17	8.8	15	13.4
contract runs out at the end of	Carr's Millingint	1.2	July 1	1	-	4.3
the year, and is unlikely to be	Control Techint	2.61	Aug 5	2.35	-	7.5
renewed.	Faber Prestint	5.5	June 27	5		14
During 1993, total bank debt	Hambro Insurance		Aug 19		5.55	
fell by £77,4m to £124.6m.	Kalamazoofin	2,451	Sept 8	1.85	3,3	2.1
	MEPCint	5.25†	July 19	5.25	•	20
helped by the sale of £96m of	Mid Kentfin	6.5	July 20	5.75	11.5	10,5
assets - including UK proper-	Powell Duffrynfin		Aug 8	18	23.6	22.6
ties, its Australian fisheries	RIT Capitalfin		July 5	1.15	1,51	1.15
business and Brazilian trading	Rolfe & Nolan		July 25	4.85	8	7.2
operations.	Rowe Evensfin	2	Sept 1	2	2	2
	Rowlinsonfin	1.56		1.26	1.8	1,5
Turnover fell 25 per cent to	Slebefin	7.34†	Oct 3	6.672	11	9.999
£891.5m as a result of disposals,	Staldsint		Sept 1	0.45		1
but continuing operations	VSEL	23.5	Aug S	20	34	29
showed an 8.3 per cent increase	Wyndeham Pressfin		Aug 16	0.75	2.25	1.25
in sales and contributed £24.7m	Yorkshire Waterfin		Oct 3	14.2	22.8	21.25
(£21m) in profit Interest charges fell from	Dividends shown pence increased capital. Tinclud			where other	rwise sta	sted. †On

### Berliner Bank AG 1993 Annual Results

# A Leading Bank for Germany's Capital



Since January 1, 1994, Berlin has once again become the headquarters of a major German bank: Bankgesellschaft Berlin AG. Constituted as a holding company, Bankgesellschaft Berlin AG, on the one hand, serves as head office for the Group, linking Berliner Bank, Berliner Hypotheken- und Pfandbriefbank and Landesbank Berlin under one roof. On the other hand, Bankgesellschaft Berlin AG is a bank operating primarily in investment banking for the whole Group. In order to establish the holding company, Berliner Bank AG was renamed Bankgesellschaft Berlin AG as of January 1, 1994. The Berliner Bank AG shareholders thus continue as shareholders of the same, legally unchanged officially quoted stock corporation, Bankgesellschaft Berlin AG, which is now operating under a new name. The operative bank business and Berliner Bank AG's holdings, apart from a few exceptions, were taken over by the "new" Berliner Bank AG, which bas been operating under the name Berliner Bank AG since January 1, 1994.

The last financial year of the "old" Berliner Bank AG and of the Berliner Bank Group in its old structure was also the most successful. Our Group business volume, i. e., the balance sheet total plus endorsement liabilities, increased by DM 8.4 billion, or 15.2 %, totalling DM 71.4 billion by year's end. Following Berliner Bank AG's positive development, the Group's earnings have improved considerably. In spite of increased administrative expenses, the Berliner Bank Group achieved a partial operating profit of DM 372.4 million in 1995, compared with the previous year's figure of DM 231.8 million, which has been adapted to satisfy the new legal requirements. The Group's expenditure for risk provisions totalled DM 341.4 million, compared with DM 322.9 million the previous year. The Group thus shows an operating profit of DM 303.2 million for 1993, i.e. an increase of DM 165.4 million, or 120.0 %, over the previous year's

From our Group balance sheet:		
(in DM millions)	1993	1992
Loans to customers	49,142	41,622
Liabilities to customers and from bonds issued	49,137	41,089
Volume of business	71,444	63,091

Success passed on to our shareholders: dividend increased to DM 9.-

For 1993, the Group shows a consolidated profit of DM 114.5 million as compared with DM 63.7 million for the previous year. We suggest that DM 86.6 million of this annual profit be used to pay a dividend of DM 9 .- , up from DM 7.- per sbare.

As a supraregional, universal bank within the Group, the "new" Berliner Bank AG has a total of more than 245 offices in Germany. With 139 branches in its core region of Berlin/Brandenburg alone, the Group covers the whole region completely. In addition, it has branches in five centres of the new and six centres of the old federal states.

Therefore the "new" Berliner Bank AG, supported by its London branch, offers a network of branches covering the most important financial markets and showing good chances for continued qualitative growth. With its subsidiaries Allbank and DSK-Bank, which specialize in retail banking and operate 93 and 23 branches respectively in Germany, the "new" Berliner Bank Group

also participates in the strong growth of this market segment outside its core region of Berlin/Brandenburg

beime biandenburg.		
From our Group profit and loss ac	count:	
(in DM millions)	1993	1992
Net interest received	1,358.2	996.4
Net commissions	254.6	204.9
Total operating profit	303.2	137.8

Our group accounts for 1993 include Berliner Bank International S.A. in Luxembourg, Allgemeine Privatkundenbank AG in Hanover, DSK-Bank Deutsche Spar- und Kreditbank AG in Munich, Braunschweig-Hannoversche Hypothekenbank AG, BB-Leasing GmbH and BB-Data Gesellschaft für Informations- und Kommunikationssysteme mbH.

We would appreciate your interest in our 1993 Annual Report. Please contact: Bankgesellschaft Berlin, Investor Relations, Hardenbergstr. 32, 10623 Berlin Phone: (+49 30) 31 09-24 30



Fax: (+49 50) 31 09-50 31

GESELLSCHAFT BERLIN

#### FINANCIAL TIMES FRIDAY JUNE 3 1994 **COMPANY NEWS: UK**

### VSEL rises to £61m but warns on outlook

By Bernard Gray

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VSEL, the Barrow-based submarine builder, reported a 10 per cent increase in pre-tax profits from £55.6m to £61m for the year to March 31.

The company is enjoying peak profitability from the Trident submarine construction contract.

The increase, on sales of £466m (£442m), was achieved despite a fall in interest income on the company's cash pile to £10.1m (£13.9m) due to lower rates. Operating profit increased by 22 per cent from £41.7m to £50.9m.

However, VSEL's shares lost 50p to 928p after it warned that profits for the current financial year were unlikely to increase significantly. Analysts had been expecting about £70m this year with the construction of the fourth and final Trident submarine contributing to profits for the first time.

Construction of Trident sub-marines is starting to wind down and the Ministry of Defence is unlikely to award a contract to build the second batch of five Trafalgar class

**Hambros** 

Insurance

**falls 15%** 

By Richard Lapper

to March 31.

hunter-killer submarines until early 1996.

The company insists the remaining £24m of rationalisation provisions, along with an additional £4.5m taken last year, will be enough to meet redundancy costs. It is seeking work on surface ships to meet any lull.

VSEL is vying with GEC for the important prime contractor status on the Trafalgar order. It is also considering bidding for the Devonport dockyard, which is to be privatised by 1996. Devenport has already erred all the refitting work on the Royal Navy's nuclear submarine fleet which was manufactured by VSEL

The final dividend is increased to 23.5p for a total of 34p (29p) payable on earnings per share of 103.7p (93.4p).

The destination of VSEL's cash mountain is the central question preoccupying investors. The company says it needs to retain the money in its balance sheet if it is to win its spurs . with the Ministry of Defence as a risk-taking prime contractor.

Yorks Water plans cutbacks

By Peggy Hollinger

Yorkshire Water is set to cut 10 per cent of its workforce in a bid to beat the efficiency targets established in what is expected to be an increasingly restrictive price regime.

The company said it would cut its 4,000 strong utility workforce by 400 this year. About half of the reduction arises from transferring employees to contractors now providing aervices which Yorkshire previously carried out itself.

It has been estimated the reduction could result in cost savings of up to 15 per cent on an on-going basis.

Yorkshire also announced that a substantial reduction in capital expenditure - from £303m to £221m - meant it would meet the spending far-gets set at privatisation. Previously analysis had feared Yorkshire would spend much more than forecast, leaving it with a lower return than expected on funds invested.
Yorkshire's comments came

as it amounced pre-tax profits up from £139m to £144m for the year ended March 31. Turnover was ahead 10 per cent at £531m. The increase was achieved

after lower than expected charges of £10m for rationalising the core ntility division and against a £4.4m exceptional gain in 1993.

The regulated businesses continued to suffer from a decline in demand from industrial customers. The fall was offset by a main charge increase of 7 per cent, leaving operating profits up 5 per cent at £153m.

The non-regulated businesses, principally environmental and property, more than doubled profits at the operating level from £2.6m to £7.2m, on sales 89 per cent higher at £51.9m. The property

division contributed £3.8m.
A final dividend of 15.2p makes 22.8p (21.25p) for the year. Earnings were up 4.6 per cent at 68p (65p), although the increase rises to 8.3 per cent when a \$4.4m exceptional gain

Yorkshire is proving its determination to get to grips with costs and surprised many by its tough line on capital expen-diture. With the benefits yet to feed through on technology improvements it seems one of the better bets to beat whatever efficiency targets are set by the regulator in the current price review. Nevertheless, the sector is likely to be dogged hy certainty until the end of July when the pricing regime becomes public. Forecasts are for about £155m, with the usual cautious approach to the dividend leaving expectations of a 7.8 per cent rise to 24.6p.

### Faber Prest £8.3m cash call for acquisition

Faber Prest yesterday announced an £8.3m rights issue to be used partly to fund the acquisition of the remaining 50 per cent of Appleby Slag Reduction - another step in the expansion of its industrial

services division.

The purchase price is £5.35m. plus a £1m loan to enable Appleby to repay a loan from Clugston Group, the vendor.

in distribution and car retailing, is issuing 2.1m ordinary shares at 425p on a 1-for-i basis. Of the proceeds, £3.25m will satisfy the cash requirement of the acquisition and film will repay the loan. The halance will be placed on

made pre-tax profits of £2.1m. reported a 71 per cent rise in | cent.

Enterprise North Sea field reaches peak output

bid battle for Lasmo, the second largest company in the exploration sector, has

been labouring under financial con-

straints. The Nelson field is its largest

project to date. It is also the first time

that it has operated a North Sea platform. Part of Enterprise's justification for the

bid has been that it can use Nelson's

strong cash flow to bring forward Lasmo

pre-tax profits from £1.65m to £2.83m on sales from continuing operations of £35.7m (£30.4m). Net interest payable fell to £133,000 (£237,000).

The interim dividend is increased to 5.5p (5p) on earnings per share more than doubled to 21.76p (10.25p). The

June 20

for the danomination of FRF 100 000 FRF 22106,58

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Application has been made to the London Stock Exchange for all of the reduced Ordinary shares of 2p each in the capital of the Company, resulting from the proposed sub-division of existing Ordinary shares, and the new Ordinary shares in the capital of the Company, to be issued pursuant to the proposed Acquisition and Placing and Open Offer referred to below, to be admitted to the Official List. It is expected that admission to the Official List will become effective and that dealings will commence on 30th June,

### SUNLEIGH PLC

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320,958,067 new Ordinary shares of 2p each at 6p per share

Hill Samuel Bank Limited of which

96,495,126 new Ordinary shares are subject to an Open Offer to Qualifying Shareholders at 6p per share **Proposed Capital Reorganisation** Proposed admission to the Official List

Share capital following the implementation of the above proposals: Issued and fully paid Authorised Number Numbe

11,700,000.00 585,000,000 Ordinary shares of 2p each 8,748,063.86 437,403,193

Listing particulars are available for collection during normal business hours, today and on the 6th June, 1994 from the Company Announcements Office, the London Stock Exchange, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2 or on any weekday (Saturdays and public holidays excepted) up to and including 16th June, 1994 from:

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3rd June, 1994

### **ANS** launches £10m rights By David Wighton

Hambros Insurance Services: yesterday blamed a poor performance by its loss adjusting business for a 15 per cent decline in pre-tex profits to £8.3m for the year development of more homes. The decline in profits was

foreshadowed at the interim stage. The results covered the group's first complete year of trading and compared with £9.8m on a pro forms basis.

The group said that loss adjusting had "suffered from the exceptionally low level of claims experienced by the insurance industry". Turnover for the division declined to £38.6m (£41.6m), but profits fell by more than 50 per cent to £2m (£5m).

Hambros said it was ... reviewing the structure andcost base of its loss adjusting operation in order to identify areas where its services could be improved and broadened.

By contrast, Hambros' other businesses all performed well. Hambro Legal Protection which sells legal expenses insurance and telephone helplines services - incressed profits by 34 per cent to £4.5m, with turnover rising to £12.9m (£9.9m).

Beale Dobie, which trades second hand endowment policies, increased profits by 17 per cent to £1.4m with turnover ahead to £20.4m (£14.9m).

Earnings fell to 7.8p (11.2p). A proposed final dividend of 3.7p makes a 5.55p total.

FT-SE 100 FT-SE Mid 250 FT-SE-A 350

Associated Nursing Services. the USM-traded nursing home operator, is asking shareholders for some £10m to fund the

The 1-for-3 rights issue at 255p was accompanied by estimated pre-tax profits of £2.3m for the year to March 31. This is about £500,000 less than expected due to a change in accounting treatment following the introduction of the FRS 5 standard on off-balance sheet financing.

The company, which changed its accounting policies in 1992 following a Judgment by the Financial Reporting Review Panel, has decided to bring the assets and liabilities relating to two homes developed with BES money on to its balance sheet. The £2.4m development profit-will now be reflected in the balance sheet as revaluation reserves.

Mr Nick Dhandsa, chief executive, said that because the company had a commitment to buy the homes after five years the transaction would be

Enterprise Oil, the UK'a largest

independent explorer, yesterday amounced that its Nelson field in the North Sea had achieved peak production of 160,000 barrels a day only four months after the platform produced its first of L.

1500.86 (27th)

2347.1 (2711)

By Robert Corzine

treated as a financing arrange-

Winning prime status on the

Trafalgar order would cer-

tainly help profitability, but that will defer until 1996 a deci-

sion on use of its cash. By then

it will have accumulated about

£330m, or 900p a share, which

could be returned to sharehold-

ers. Equally, a predator may be

tempted by the cash before the

company acts. Other uses for the money, including merger

with a cash-hungry company,

or an acquisition spree, look less likely. Still, against that lure, profitability has peaked

and the Trafalgar bid is not yet

in the bag; other work on sur-

face ships is even less assured.

Piling up cash as a virility symbol for the MoD also car-

ries heavy opportunity costs, particularly with interest rates

low. VSEL's low rating has

always reflected its depen-

dence on a single customer and inflexibility of its product. The

strong cash position underpins the shares, but investors looking for the upside will

have to hope that management

proves as adept at finding new

business as it has been at

reshaping the company over

the past three years.

ment under FRS 5. The change has the effect of increasing gearing and reduc-ing pre-tax profits. The previous year'a profit has been restated from £1.82m to £1.58m.

The change also reduces the effective tax rate so estimated earnings fall by only 2p to 17.4p against a restated 14.3p. It plans to pay a final dividend of 1.5p for a 2p total.

Mr Dhaudsa said the rights

issue, which will cut gearing to about 20 per cent, would enable the company to fund the opening of 700 beds in 1995-96 and 750 beds the year after. Its programme to add another 600 beds in the current year is already fully funded. Most of the new homes will be developed by joint ventures. The rights issue has been

fully underwritten by Henry

Ansbecher-The shares fell 9p

to 275p yesterday.

ANS also announced that Mr Robert Upsdell was stepping down as non-executive chairman at the end of October. It is applying for its shares to be traded on the main market.

Faber, which is also involved deposit

Appleby provides steel services to British Steel at its Scunthorpe site. In 1993 it SGA SOCIETE GENERALE

shares added 10p to 499p. Shareholders' approval for the acquisition will be sought at an extraordinary meeting on

#### Stanhope £40m sale

Stanbope, the property company, has sold a 110,000 sq ft office building at Stockley Park in west London to a buyer from east Asia for just under £40m.

The building, which is let to British Petroleum, was sold Faber also yesterdsy on a yield of about 7 per

projects that might otherwise be delayed

Mr Mark Hope, general manager, said

the rapid move to peak production had

been achieved in large part by pre-drilling

eight wells, which were ready to flow once the platform was operational.

Additional wells were being drilled

by a lack of financing.

from the platform.

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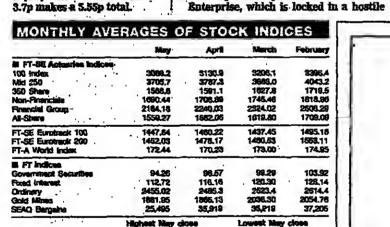
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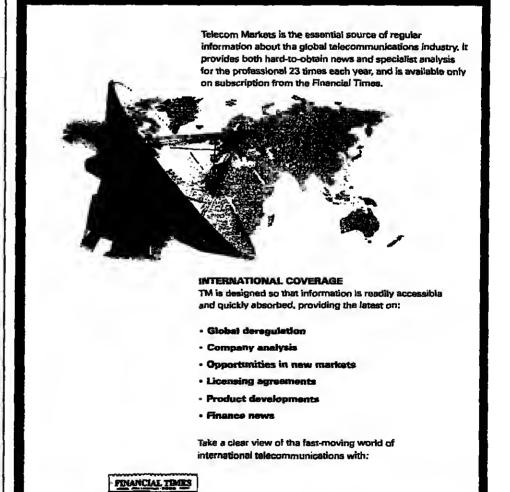
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#### 1993/1994 HIGHLIGHTS

- Substantial improvement in trading results
- Increase in dividend

24

- Continuing corporate development
- Low gearing gives headroom for further investment in growth opportunities

#### "We look forward confidently to further progress 33 David Hubbard

RESULTS	1994	1993
Profit before exceptional items and tax	£36.0m	£28.6m
Profit before tax	£33.4m	£21.6m
Earnings per share	31.8p	18.6p
Eps before exceptional items	35.5p	28.8p
Dividends per share, net	23.6p	22,6p

### POWELL DUFFRYN

FUEL DISTRIBUTION • SHIPPING AND STORAGE • ENGINEERING

#### COMPANY NEWS: UK

### A McAlpine seeks £25m

By Andrew Taylor, Construction Correspo

Alfred McAlpine yesterday joined the growing rank of housebuilders to launch rights issues to finance land purchases for expansion.

The construction company is seeking to raise £25m through the issue of 12.6m new shares at 205p on s 2-for-9 basis. McAlpine made a £894,000 pre-tax profit during the six

months to end-April, compared to a £2.48m loss last time. Turnover increased from £241.3m to £316.6m. Earnings per share were 0.7p (losses of 3.3p). The share price fell 18p

The company is changing its year end to December 31 and is expected to announce its iterim dividend policy when it publishes figures for the period to end-June.

McAlpine plans to increase housing output to 1,800 homes this year, compared with 1,259 in 1992. It expects to have spent 280m purchasing land by the end of this year, increasing net investment in the housing division by £30m. In the latest period it spent £48.7m on land. Mr Oliver Whitehead, chief executive, said this had led to a sharp rise in borrowings which, before the rights issue, were expected to sverage £75m to £80m this year, representing gearing of about 50 per cent.

Proceeds from the rights

to s more appropriate level

of 30 per cent. Mr Whitehead said the company's land holdings had increased by 47 per cent to 4.400 plots. Sites had been bought on the basis of an esti-

mated gross margin of 18 per

The housing division, which completed 568 (509) private sector homes, made a pre-tax profit of £3.5m (£300,000 loss). The average selling price of a home increased from £78,000 to

The construction division incurred a £1m pre-tax loss (£500,000 profit); aggregates, slate and asphalt made a £800,000 profit (£200,000 loss): the US reported a £500,000 loss (£100,000 profit) with a good performance from minerals off-set by a disappointing result from contracting.

#### COMMENT

It is not a good time to be launching a rights issue with sentiment running against the stock market and housebuilders and construction companies in particular. Nonetheless, there is sufficient value in the shares at a theoretical exrights price of 234p, based on last night's close, to get the issue sway - albeit without much enthusiasm. Pre-tax profits of £13m this year followed by £21m next year would pnt the group on a prospective p/e of 11 on 1995 profits at the exrights price. The shares, however, are unlikely to improve in the present climate.

## Taking the City road

EuroDollar heads for market. Paul Taylor reports

ver the past five years EuroDollar has quietly overtaken some of its better-known rivals to become the UK's second largest car rental company behind Avis. Last year it claimed a 10 per cent share of the fragmented

2583m UK car hire market, a rise from 7 per cent in 1988. EuroDollar, the subject of a £118m management buy-out from the TSB Group in August, is coming to market through s placing and public offer expected to value it st more than £100m. A psthfinder for the

issue is due to be published

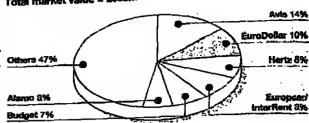
today. EuroDollar's relatively low profile as a rental fleet operator is a clus to its success - growth in the UK has been fuelled by its penetration of the corporate market where it is now the market

More than three quarters of its £78m turnover in the year to March 31 came from the corporate sector although in order to maximise fleet utilisation. the group also cultivates the retail trade at weekends and

during holiday periods. The main customers among 5,500 corporate sccounts include BT. GEC. Rolls-Royce, Rank Xerox and ICL along with fleet operators such as Cowie Interleasing and break-down services like the RAC. EuroDollar has invested

heavily in information technology, spending an average £4m a year to build a real-time com-puter tracking and reservation system which allows it to pinThe UK car rental market 1993

Total market value = £583m



point cars and review their age st any time

This enables the group to move cars from site to site as required and manage its fleet of 12,000 cars and 1,000 vans more efficiently than competitors - EuroDollar regularly achieves fleet utilisation rates of 70 per cent or more.

The IT network slso links together EuroDollar's 105 branches and has enabled the group to ploneer the use of "inplants" - EuroDollar employees who are attached to large corporate customers and work on-site with them to manage their rental requirements

on-line. The other key benefit of EuroDollar's IT system is that It enables the group's fleet controllers to minimise vehicle holding costs which largely depend on residual values and

funding costs. EuroDollar acquires more than 20,000 cars a year - each car remains in the fleet for about 5 or 6 months. Because each rental effectively represents a "test drive" by a potential car buyer, rental compa-nies can negotiate particularly good terms with manufactur-

In most cases vehicles are acquired on finance leases or lease purchase agreements

funded either by a finance

house or through the tied financing division of a car manufacturer. EuroDollar has total credit lines of £111.5m roughly £40m above its borrowings at the end of March - and operates on the basis of no gearing before vehicle asset

finance In order to further minimise risks, at least half of the group's fleet is covered by guaranteed residual value programmes and it has managed to keep overall disposal values at between 78 and 80 per cent of list prices.

The management's success in maximising fleet ntilisation rates while minimising holding costs is evident in the group's recent performance. Gross profit margins have increased from 57 per cent in 1990 to 72 per cent in the year to March 31 and over the same period operating profits have grown from £6.2m to £17.8m

The management, led by Mr lan Mosley, chief executive, has recently disposed of lossmaking rental operations in France and Italy which are now part of the group's franchised European network.

That move cleared the way for EuroDollar to become the first Loodon quoted car hire group since Avis Europe was acquired by a consortium in

#### **NEWS DIGEST**

#### Usborne £8m in red at midway

Shares in Usborne resumed trading yesterday and shed 60 to 131/2p after the grain merchant and pig producer reported pre-tax losses of £8m for the six months to December 31, against profits of £887,000. Although the grain mer-chanting side produced trading profits of £947,000 (£1.1m),

(£96,000 profits) from pig production and merchanting. The pre-tax result was after s £3.3m write-down in the value of the pig herds and a £2m provision for restructuring

there were losses of £6m

Turnover from continuing operations was £93.7m (£107.6m). Losses per share amounted to 9.94p (0.83p earn-

ings). There is no dividend

#### Gowrings

Mr John Fowles, chairman of Gowrings, the motor dsalsr and leisure company, told the annual meeting that trading in the first quarter had been considerably up on last year and the trend was continuing in all divisions.

#### Banzl

Bunzl, the distribution and cigaretta filters group, has acquired Marstan, s US distributor of paper and plastic dis-

The consideration of \$11.5m (£7.6m) cash payable on com-pletion is subject to adjustment up to a maximum of \$1m, dependent on the level of net ets acquired.

A further profits-related pay-ment of up to \$2.55m may become payable subject to the company's performance over a three-year period.

#### Kembrey

Kembrey, the electrical connecturer, swung from losses of £655,000 to profits of £15,000 pre-tax for the year to April 2. Turnover fell from £22m to £18.4m. A proposed single divi-dend of 0.155p (same) is being

paid from earnings of 0.11p (losses 1.55p).

Ashley Group

The forecast £21m charga related to the disposal of its Spanish subsidiary resulted in a loss before tax of £20.6m at Ashley Group in the year to December 31 1993.

The window blinds and timber group had warned of the

charge in March.
Continuing operations in the period produced sales of £40.6m (£48.5m) and operating profit of £3.07m (£3.26m).

Provisions in 1993 totalled £22.1m, mainly due to deferred consideration related to tha Spanish sale. In 1992 provisions of 252m were carried, which

produced a pre-tax loss of

£61m. There is no dividend payment. Losses per share came to

15.7p (45.11p). The annual meeting will be asked to approve a change in the company's name to Eclipse

#### Yates Brothers

Yates Brothers Wine Lodges, the independent drinks group which is to seek a listing this year, reported a 21 per cent increase in pre-tax profits from £2.77m to £3.36m for the 12 months to March 27.

The improvement was achieved on turnover up from 235.3m to £43.9m. Earnings per share came out at 11.1p (9.4p) and a second interim dividend of 2.8p is declared, making 3.8p (2.46p) for the year.

The company is proposing a 1-for-2 scrip issue to assist in the marketability of its shares.

#### **Bertam Holdings**

A fall from £7.17m to £1.34m in pre-tax profits was announced by Bertam Holdings for ths year to December 31.

However, the oll palm and rubber plantations group, which also has property interests in Malaysia, said the two years were not comparable fol lowing the sale in iste 1992 of 810 hectares to Bertam Properties and the acquisition of

three Malaysian estates. Profits were affected by lower paim oil prices, although they had rallied strongly this

year, directors said. Turnover from continuing operations slipped to £1,52m (£1.61m). Esrnings per share emerged at 4.78p (31.54p) and the single final dividend is held at 2.5p (5p including special).

#### Rolfe & Nolan

Profits of Rolfe & Nolan, the futures and options computer bureau and software specialist, rose from £1.22m to £1.57m pretax for the year to February 28. The outcome included a deficit from the North American operations amounting to £1.09m. Losses from this source

were significantly reduced in the second half and further improvements are expected. Group turnovsr expanded from £11.2m to £12.7m, of which £3.05m (£3.27m) came

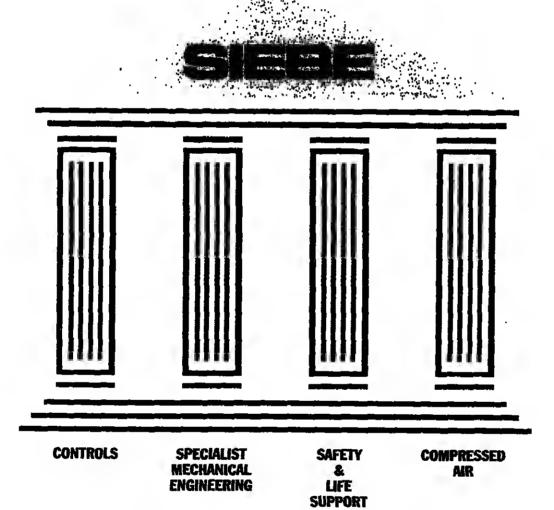
from the US. Earnings per share fell to 12.9p (17.7p) after a higher tax charge of 61.9 per cent (50.4 per

cent) due to US losses not relievable against tax. A final dividend of 5.195p makes an 8p (7.2p) total. A 1-for-1 scrip is also proposed.

#### ABI Leisure

Profits of ABI Leisure, the caravan maker, rose from £1.27m to £1.7m pre-tax for the half year eoded February 28. The increase was achieved from a 19 per cent rise in turnover to £34.8m, helped by a 55 per cent improvement in exports.

Earnings per share emerged at 4.2p (3.1p); the interim dividend is lifted to 1.35p (1.25p).



"Strong growth is now apparent in many of our markets, particularly North America, South America. Asia and to some extent in the United Kingdom and Australasia. Increased sales in these regions have more than offset quieter trading conditions in other areas. Of particular note is the performance of our Controls divisions which continued to gain market share and even after excluding the effects of currency gains and acquisitions, increased their sales year-on-year. The second half performance for the Group was much improved on the first and we have seen this trend continue into the current year."

Barrie Stephens, Chairman

Results for the year ended 2nd April 1994	1994	1993	% change
Turnover (£m)	1,863.5	1,618.6	+15.1
Profit before tax (£m)	217.2	181.5*	+19.7
Earnings per share (pence)	31.4	26.3*	+19.4
Dividend per share (pence)	11.0	9.86*	+41.6
Gearing (%)	24.5	66.0*	41.5

\*Restated for FAS 106 & FAS 112 and/or Rights factor.

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25

### Powell Duffryn 55% ahead to £33.4m

A strong profits performance eocouraged Powell Duffryn, the distribution, storage and engineering group, to lift its dividend for the first time in four years.

Pre-tax profits increased by 55 per cent to £33.4m in the year to March 31, although the beadline figure was flattered by a reduction in exceptional charges from £7m to £2.6m. The underlying performance

was also strong, with profits before exceptionals increasing by 26 per cent to £36m. Earnings per sbare jumped to 31.Sp (18.6p). A final dividend of 17p gives a total of

Mr David Hubbard, chairman, said; "The benefits of recent corporate restructuring and investment were major contributors to these excellent

Operating profits from fuel distribution increased from £5.4m to £7.6m, thanks to stronger industrial demand.

Stakis, the hotels and casinos

group, almost trebled pre-tax

profits in the six months to

April 3, reflecting slightly

improved trading conditions,

increased revenue from acqui-

sitions and a substantial drop

26 week period, compared with

£2.3m for the equivalent 27

weeks restated to reflect the

FRS 5 accounting standard on

Sir Lewis Robertson, who

became chairman in 1991 after

the Glasgow-based company

got into difficulties following

poorly managed expansion, is

off-balance sheet financing.

Pre-tax profit was £6.6m for a

in interest payments.

sales in advance of the VAT

Port services and shipping raised operating profits from £7.3m to £10.3m. Tees and Hartlepool increased their dry goods throughput by 12.5 pe cent, belped by growing roll on-roll off traffic.

In engineering, operating profits fell from £16.4m to £15.4m. Mr Bill Andrews, chief executive, said sound performances in most areas had been masked by a decline in the contribution from the group's Saudi Arabian pump business and continuing losses in parts of its road and rail transport activities.

Mr Andrews said the rail business, which lost £2m, had a large number of inquiries but He had confidence in the products, but said the group would have to see firm orders materialising in the current year or further rationalisation would

be necessary.
The group's bulk liquid stor-

Improved trading conditions

help Stakis advance to £6.6m

ton, deputy chairman and for-mer chief executive of the

Operating profit from the group's 33 botels rose 15 per

cent to £9.91m (£8.6m) and

operating profit from the 21

casinos was up 25 per cent at

utive, said the average room

rate had risen by 3 per cent

and occupancy rose from 62.6 per cent to 63.3 per cent in the

The casinos, boosted by

three acquisitions last year,

showed a rise in the gaming

win percentage from 17,8 per cent to 18.7 per cent.

Net interest charges fell from

Mr David Michels, chief exec-

Clydesdale Bank.

£6.77m (£5.4m).

low season.

#### edges forward on disclosure age business increased operat ing profits from £6.6m to £6.9m

Leeds

By Allson Smith

Gearing fall from 19 to 11 per cent. Mr Hubbard said the strength of the balance sheet

provided headroom for further

The rise in the dividend was

good news - though not entirely unexpected given the relatively cool wintsr, which

always belos the fuels side.

Less welcoms were the prob

isms on the engineering side,

which overshadowed good per-

formances by Hamworthy's

combustion and compressor

activities and a strong showing

by the Geesink environmental

engineering business. The shares have outperformed the

market by 70 per cent since

1992, so have already enjoyed a

substantial rerating as the

group has become more

focused. However, they still

offer a 10 per cent yield pre-mium and a prospective multi-

ple of 14.3 does not look

rights issue in 1993 and the sale of the healthcare division.

Group overheads were static at

Stakis raised a further £67m

from a 1-for-4 rights issue in

March and together with new.

banking arrangements negoti-

ated with four banks now has

about £100m to spend on pur-

chasing new botels and casi-

It boogbt two hotels in

March and last month acquired

the Avisford hotel near Arun-

del, Sussex, for £7.1m. It

expects to conclude two more

purchases in the next eight

Earnings per share were 1.58p (0.66p) and the interim dividend goes up to 0.65p

• COMMENT

Leeds Permanent, the UK's fifth largest building society, is seeking to differentiate the life assurance and unit trust operations it will launch next month by aiming for the high

moral ground.

Giving details of the two subsidiaries yesterday, Mr Roger Boyes, acting chief exec-utive, said staff would be paid mainly - though not entirely by salary, and that there would be no "direct link" between sales and remunera-

He added that the life assurance company would provide customers with information about the charges it would make, and would explain fully to customers what policies did and did not cover.

However, it will not operate the full commission and pro-duct disclosure regime ed by City regulators until the beginning of next year when it becomes com-pulsory for the whole indus-

Of the 10 largest societies, only Alliance & Leicester and Bristol & West are now tied to selling the products of one life assurance company withint having said the arrangement will end.

The Leeds subsidiaries will sell a range of pensions. investments and protection products, concentrating inftially on providing a service to the society's existing customers. The 800 sales staff have been drawn from Leeds' current employees, in the interests of continuity,

Mr Chris Chadwick, Leeds' commercial director, said: The traditional life assurance sales process is a total anath-

Mr Ladislav Suchopar, who joined Leeds from Aliled Dunbar in 1991, is chief executive of the life company, and Mr Andrew Watson, formerly of the Prolific group, will run the unit trust company.

Mr Boyes said that Nnrwich Union, for which Leeds has been a tied agent, had not wanted to bandle the administration of the new organisa-

Instead, General Accident Life will deal with the adminance side, and SG Warburg will be the unit trust administrators. Gartmore and JP Morgan Investment Management will act as fund man-

#### **RIT** Capital net asset value improves 22%

Partners, the investment trust, grew by 22.4 per cent to 221.6p per share over the year to March 31. Total net assets were £437m, up from £352m. After tax of £2.7m (£1.9m) profits increased from £1.4m to 25.46m. Earnings per share rose from 0.81p to 3.03p, or 2.82p diluted. A dividend of 1.51p (1.15p) is proposed.

At the year end, quoted equi-

ties made up 49 per cent of the portfolio (2248m), government and corporate bonds 11 per cent (£56m), specialist funds unquoted companies 17 per

cent (£89m). During the year RITCP sold most of its holding in New-mont Mining, realising 2114m. Its largest unquoted holding is in Amerpharm, half of which is due to be sold to E Merck.

### Chance of an all-embracing bid Michael Smith on why RJB Mining is optimistic about its prospects

RJB Mining

racing drivers.

the industry."

BRITISH COAL: THE BIDDERS

force behind it becoming one of

the biggest opencast coal pro-ducers in the country by the

The company won a reputa-tion for innovation. It was, for

example, the first to bring in

the 170 tonne Csterpillar

dumper trucks. "Everyone else

said the British industry was

too small for them," says one

British Coal executive, "Budge

led the technical scaling up in

This belps to explain wby

RJB's reputation remained rel-

stively untarnished when Its

former parent went into receivership. Mr Budge's initial diffi

culties in persuading the City of the value of his company

may have been more to do

with the grand plans he had

The market was weary of an

one piece after privatisa-tion - and many mining executives believe that would be the surest means of preserving a large industry - then its best hope may lie in Mr Rich-ard Budge and his RJB Mining

With Hanson apparently not interested and RTZ unlikely to make a bid, RJB is one of the few UK companies that com-bines the desire and belief in its capability to operate all five British Coal regions. Whether it has the financial

and political clout to mount five successful tenders is open to question. But the fact that it can contemplate an all-embracing bid is testimony to the significant progress it has made in the two years since Mr Budge split off the mining operations from AF Budge, the contracting group set up by his older brother Tony. By the time Af Budge went

into receivership in late 1992, its former mining arm, rechris-tened RJB, was thriving as a way to the Stock Exchange Investors have warmed to RJB. in spite of a slow start, the company's shares have out-

nearly 30 per cent since its flotation last June. Mr Budge is a big factor in the rating. Although his initials provide the company with its name, Mr

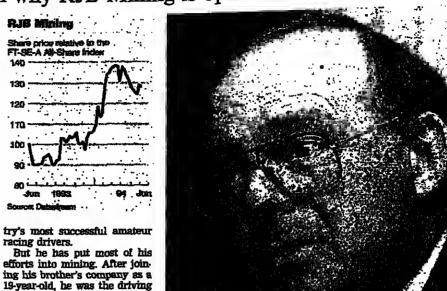
Budge says he dislikes the cult of the personality, and talls investors and journalists that his company's success is based on its 1,400 employees and its executives. "I may be chief executive but I am just one of a team. Colleagues say he is a good

delegator but not all outsiders are convinced. "RJB is not a one man band - it has some reasonable executives." says one British Coal executive. "But I get the impression that when Budge says jump then everyone jumps. He can some times seem rather highhanded.

It is just as well for RJB, then, that Mr Budge is highly regarded. A tall and athletic-looking man of 47. Mr Budge has

industry which had been incurring losses for years; compa-nies associated with mining had long ago fallen out of fashlon. Yet RJB was seeking achieved success in several money to dsvelop under licence up to 11 mines that British Coal bad closed walks of life, in his teens he made money from painting landscapes; in his 30s and early because it could find no mar-40s he became one of the coun-

for expansion.



Richard Budge: split off the mining operations two years ago from AF Budge, the contracting group set up by his brother

It has ended up with three, Calverton and Clipstone in Nottinghamshire, and Rossington in Yorkshire.

"They are not gold mines but they will make very reasonable rates of return," says Mr

RJB can succeed where British Coal failed, be says, because it is more responsive to household and industrial markets and because it will get far more productivity out of a smaller workforce at each mine. "We give our miners more responsibility and accountability than British Coal and they have responded

Mr Budge says early produc-tion from the mines has been better than expected. But none of the three have been operating under RJB for more than six months; other mining companies say a much longer test is needed before any realistic sment can be made.

Most believe the core British Coal assets which the government is selling in five regional packages are a better bet because they have guaranteed contracts with the electricity generators until 1998.

The problem for potential bidders, RJB included, is that

they will require a heavy initial outlay. Estimates as to the combined value of the success. ful bids vary enormously but it is likely to run into several hundred millions of pounds. in addition, working capital requirements could easily reach £300m.

These are large sums for a company that last year made pre-tax profits of £12.2m on sales of £74.8m and is already thought to have gearing of about 50 per ceot.

Politics provides an svsn larger hurdle to RJB taking over all of British Coal's assets. Ministers have not ruled out selling all five regions to one bidder but their desire to inject competition into privatised markets makes it likely that they will want to split British Coal up if possible. Nonetheless, Mr Budge and RJB have shown that they are

among the most optimistic about the industry's prospects and have yet to make a serious mistaks in their mining operations, it would be surprising if they do not end up with at least one of the regions.

Previous articles in this series appeared on May 30, June 1 and June 2. Further orticles will appear next week.

#### £10.9m to £7.3lm reflecting lower debt after the £28m to retire next March and hand over to Mr Richard Cole-Hamil-Limit seeks approval to amend its investment policies

By Richard Lapper

The largest Lloyd's investment trust is to seek permission from its sbarebolders to amend its investment policies, in line with potentially far-reaching changes at the Insurance market.

The London insurance Market investment Trust said yesterday that It would seek permission to invest directly in both managing agents, which administer syndicates, as well as in new corporote underwriting entitles.

The trust, which obtained a stock market quote last November, currently supports a wide spread of sgents and syndicates. Its £502.5m underwriting capacity is allocated to 101 syndicates managed by 33

The announcement follows a report by Lloyd's last month which envisaged the creation of "corporate syndicates", which would draw all their capacity from one single corparate investor. In oddition, a number of

managing sgencles - including leoding players such as Brockbank and Kiln - are examining the creation of new

"dedicated" investment funds agency. Hiscox Group is cur-

established such a fund.

amount of capacity - potential underwriting income - supchanges by Lloyd's.
Limit made both announce-

ments when reporting its results for the four and half March. Investment Income convention, incoms for ths period does not include results from undsrwriting. After expenses of £900,000, pre-tax profits amnunted to £3.9m.

Limit may wish to invest directly in other corporate in minority interests in managing agents for the purpose of enhancing its underwriting

plied by it to syndicates could increase by up to £30m in 1995 ss a result of recent rule

November and ths end of amounted to £4.8m. Under

which would exclusively back syndicates managed by one

rently the only agency to have Limit's statsment said: "If these structures are created, capital entities." It added that Limit may also "wish to invest s small amount of its capital

tential." in addition, Limit said the

months between its listing last Lloyd's three-year accounting

#### Management buys Netlon for £40m

By len Hamilton Fazey, Northern Correspondent

Netlon, which makes plastic nets, mesh and grids for the food packaging, agricultural, horticultural and construction industries, has been bought by its management for about

The Blackburn-based company, which employs 380 peo-ple, was founded in 1958 by Mr Brian Mercer who has sold his 88 per cent shareholding in order to retire. A six-strong management buy-out team, which had a 9 per cent stake, has sold its own shares to itself and reinvested the post-tax proceeds in a bigger stake.

An equity and loan package will give 31, the investment capital group, and Electra, the venture capital fund, substan-tial minority stakes, believed to be up to a third each. Intermediate Capital Group has pro-vided mezzanine funding, with senior debt and working capital facilities from Bank of Scot-

The final price has not been disclosed, but Netlon is understood to have been valued at 10 times earnings: pre-tax profits were £4.2m in the year ended September 30. This means the buy-out team would have had sbout £2.3m net to invest.

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#### **NEWS DIGEST**

#### **Rowe Evans** declines to £3.37m

Lower palm oil prices, higher costs and a fail in the contribution from associoted undertakings were the principal causes of a deterioration in the trad-ing result at Rowe Evans investments in 1993.

Although turnovsr grew marginally to £5.68m (£5.6m) during the period, the cost of sales increased to £3.23m (£2.97m) and distribution costs rose to £270,000 (£204,000).

The share of profits from associated undertakings fell from £3.4m to £1.3m, leaving pre-tree profits down by somo 12.7m to 13.37m. Earnings came out at 4.45p

(9.63p). The annual dividend is held of 2p.

#### All-round growth lifts Carr's Milling

Carr's Milling industries said all areas of its business had contributed to air 85 per cent rise in pre-tax profits during the six munths to February 28.

The group, which has interests in agribusiness, flour milling, baking and engineering, increased profits to £1.13m (£610,000) on sales from cootinuing businssess of £37.9m

The interim dividend is 1.2p (1p) on earnings of 10.5p (5.4p).

#### Kalamazoo shows surge to £6.36m

Kalamazoo, the computer services and printed systems group, schieved a rise in pretax profits from £940,000 to 26.38m for the year to snd-

Salos rose by £4.4m to £60.9m. Earnings were 10.2p (losses 0.6p) ond a proposed final dividend of 2.45p makes a 3.3p (2.ip) total.

#### Mid Kent advances 22% to £7.5m

Mid Kent Holdings, which supplies water to Kent and Sussex and provides consultancy services to the water supply industry, lifted pre-tax profits by 22 per cent, from 28.17m to 17.51m, in the year to March

Turnover advanced to \$36m

(£31.1m) with acquisitions contributing £2.25m. Earnings rose from 26.5p to 33p and a pro-posed final dividend of 6.5p makes an 11.5p (10.5p) total.

#### Rowlinson advances to £3.13m

Pre-tax profits at Rowlinson Securities, the Cheshire-based property group, jumped from 2722,000 to £3.13m in the year to March 31 on sales ahead 14 per cent to £10.2m. The company attributed the

profit outcome to asset dispos-als, the absence of significant write-downs and lower interest A final dividend of 1.56p makes a total of 1.8p (1.5p) ou earnings of 15.7p (4.54p).

#### Glynwed shares up after AGM

Glynwed International's shares closed up 7p at 355p yesterday after Mr Gareth Dsvies, chairman, told the annual meeting that the company had made a good start to the year. "Group profits for the first four months of the year are

well ahead of the sams period

last year." Mr Davies said.

The recovery in earnings and dividend cover, together with strong cash generation, were bringing nearer the time when the company would be able to resume dividend

#### Wyndeham Press advances to £1.76m

Wyndeham Press Group, the printing and packaging com-pany, reported pre-tax profits up from 21.02m to 21.76m for the year to end-March. Turnover, boosted by £2.95m from acquisitions, was up from £10.6m to £13.5m. Earnings per share emerged at 7.1p (4.6p) and a final dividend of 1.5p is proposed, making 2.25p (1.25p) for the year.

#### **Burmah Castrol** in Singapore sale

Burmah Castrol has agreed in principle to sell its Hillylew site in Singapore for soms S\$159m (288m).

The profit on the sale, due for completion in September, is expected to be more than £40m. The gain ever book value reflected circumstances in the

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promises to become a much more deregu-lated and flexible labour market.

This - it believes - will involve a reap-

praisal of how to motivate employees to be

committed at work but also adaptable

enough to embrace change even if it

means accepting redundancy.
Stable employment policies are becom-

ing increasingly difficult to maintain in companies of all kinds because of competi-

tive pressures. Employers may want to

treat their employees sensitively as

human assets to be nurtured but they are

under pressure to regard them also as a

factor of production. But the tensions that

this creates between a desire for commit-

ment in the workplace and the need for

is it possible for employers to recruit

workers in the labour market who are

both loyal to the company but take an

understanding view if they lose their job

as the result of working in a competitive

It is this fundamental issue that is con-

cerning the CBL Clearly a delicate balance

has to be struck between the dual

demands of the company: to promote loy-alty among its employees but also have

the power to respond to increasingly

Mr Robbie Gilbert, the CBT's employee

affairs director, explained to a recent con-

tain business pressures.

flexibility can pose a problem.

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### The Confederation of British Industry is taking a long-term view of recruitment prospects over the next 10 years in what

Jobs: How can companies maintain employee loyalty when they can no longer promise a job for life?

ference on employment prospects at War-wick University School of Industrial and Business Studies: "More than ever employers will be looking for a workforce that can deliver higher productivity, work more efficiently, give reliable and customer-oriented service, be innovative and accept the need for continuous personal

development and improvement." However, he also admitted that the CBI's employment affairs committee believed it was going to become "increasingly difficult" for companies to maintain the long-term commitment of employees. The CBI is uncertain whether loyalty in the company is an outdated concept and if the future employment relationship is moving "towards specific contracts for a specified job within a specified period".

The dilemma for employers is that whilst they want loyalty, certainly from their core employees, they are often seen to be less than loyal to those who work for them," Gilbert said. "Employers want to be able to face those who work for them with new challenges but sometimes to close the door with them on the outside." Undoubtedly a less loyal workforce could prove much harder for a company to motivate. Structural reorganisation inside

companies is also likely to weaken

less bierarchical, flatter organisations. As a result employers will find it more difficult to ensure job satisfaction and motiva-

"There will also be less demarcation power that comes with being privy to information. The entire concept of man-

tion as most promotions now tend to go in between manager and managed at all levels and a lessening both of status and the

Removing layers of management women with children to return to work, bureaucracy in companies has introduced This group is expected to fill most of the jobs to be created by 2000.

"Working patterns will need to be more flexible and realistic, tying in to company as well as individual needs," argued Gilbert. This will require a more consistent removal of workplace barriers that discriminate against gender and age. Management needs to concern itself with family issues and individual expectations.

The CBI believes that employers will

It is possible for companies to work with individuals to help them develop a portfolio of skills and expertise for use elsewhere in the labour market

As a result companies are going to adopt a much more focused approach in their employment policies. The CBI is keen for employers to promote recruitment packages that cater for the specific needs of each employee. Employers will have to tailor their needs to what Mr Gilbert calls "a growing diversity in the labour supply". This will mean, to particular, encouraging

agement may grow more fluid," said Gil- have to spend more time assessing employee attitudes to work and leisure and managing those attitudes to fit in with the objectives of the business. Employers may have to sell the concept that employment with them is not for life but for a limited, often contractual period. This raises, the CBI believes, a new concept of employability. No employer can promise a job for life but it is possible for companies

to develop their talents so they can have the best opportunity to develop a portiolio of skills and expertise for use elsewhere in the labour market. A number of City of London companies are already pursuing that policy, such as Legal and General, the insurance group.

Some participants at the Warwick confereoce suggested that employers might find this the hest method of reconciling flexibility with commitment. Trust and loyalty ought to be possible even when a worker has limited job prospects with one particular employer.

As Gilbert explained: "In future a mea sure of the good employer is not necessarily one who pays the highest rate but who keeps workers' skills, and beoce their employability, up to date."

He also believes that companies will bave to become more candid about explaining to new employees the demands of flexibility facing them. Gilbert talks of building productive relationships oo

knowledge, realism and frankness". Not nearly ecough British companies have the foresight to pursue such a policy. They tend to take a short-sighted view of their own recruitment needs. But this is mainly because many employers are forced to respond to immediate pressures to work with individuals in helping them

The government's Investors in People scheme may help to mitigate that tendency as it provides a nationally recognised quality standard to help train and develop employees throughout their working life as well as ensuring organisations

invest effectively in skills training. The CBI also believes that companies must develop new ways of attracting, retaining and motivating their employees over the next 10 years. This will mean giving them more responsibility and authority. It also recognises that employ-ees will be better educated, more self-confi-

dent and independent than before. Last week the Department of Employ ment published a glossy guide to employee involvement entitled The Competitive Edge. It stresses that "successful employee involvement depends on mutual trust". It talks of changing the culture of companies through recognising what David Hunt, employment secretary, called the "new realisation of the common interest of management and employees in securing busi-

ness growth". The genuine tensions between flexibility and commitment may yet be reconciled in the workplace, at least in the more innovative companies who can look heyond their immediate needs to recognise employee development is as much in their corporate interests as those who work for them.

Robert Taylor

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second position, candidates will have not less

than 3 years marketing experience to a UK

highly motivated professionals to join the derivatives

expected that these individuals will utilise the entire

candidate will have experience of marketing complex

derivatives and will have developed an established

client base within this market. Candidates should

naturally demonstrate a fluency in French. For the

- Take transactions from origination to execution in complex cross border environment
- Develop business with multisector, international clients. QUALIFICATIONS Fluent speakers of a Commental European language,
- preferably German. First class communication skills.

  Probably mid 20s to early 30s. Good degree. ACA or
- MBA with relevant experience, Team players. Mature, renacious and energetic. Highly numerate and p.c. literate with initiative, creativity and flair,

Please send full cv, stating salary, ref N2174, to NBS, 54 Jermyn Street, London SWIY 6LX



**Derivatives Marketing** 

LONDON 671 493 6392 erdeen 0224 A38080 = Birmingham 021 233 4456 Bristol 0272 291142 = Edinburgh 031 229 2250 Glasgow 041 204 4334 = Leeds 0532 453830 Manchester 0625 539953 = Slough 0753 819227

£Excellent Package

client base. It is also important that candidates will

Both of these opportunities require individuals with

an excellent level of technical product knowledge as

well as proven client development skills. Candidates

should also have a strong analytical and quantitative

highly motivated individuals to work with a talented

Interested candidates should write to Gavin Starling

at Michael Page City, Page House, 39-41 Parker

191303 or alternatively telephone 071 831 2000

Street, London, WC2B 5LH quoting reference

for an initial discussion.

skills and a good academic background. These

positions represent an excellent opportunity for

organisation that is committed to further growth

and international dynamic team within an

at an early stage in their career.

have the ability to assume management responsibility

#### TOMKINS

Six Figure Salary

### **Director of Corporate Finance**

Uniquely exciting and highly influential position as part of a small head office team to manage the worldwide corporate finance activities for one of the country's most successful companies. Tomkins is a £3bn+ turnover FTSE top 60 industrial management group with an exceptional record of rising earnings, dividends and share price. Righ levels of achievement and commitment to Tomkins' philosophy of increasing shareholder value and spreading risk will be rewarded by freedom of action and excellent career opportunities in senior line roles.

- Reporting to Greg Hutchings, Chief Executive, for the development and management of the Group's acquisition and disposal programme. Managing individuals in the UK and US.
- Leading detailed negotiations, frequently principal to principal, commissioning and managing professional
- Developing strong relationships both internally and externally to identify opportunities for corporate development activities to enhance the share price.
- THE QUALIFICATIONS
- Outstanding high-achieving graduate accountant/ lawyer, early 30s to mid 40s, with an action orientation and distinguished record in a blue-chip corporate finance organisation. MBA and relevant experience in commerce desirable.
- Authoritative experience in M&A and disposals with knowledge of international financing, tax and legal matters. Disciplined analyst and planner with commercial focus and objectivity.
- Entrepreneutial, self-motivated, unpretentious yet imaginative team player with stature and poise. Robustness and flexibility to represent Tomkins effectively in a broad range of transactions.

Leeds 0532 307774 London 071 493 1238 Marschester 061 499 1700

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### **Investment Director (Designate)** With communication skills as well honed as

technical skills

London

to £70,000 or even more

Occupying a unique position in the financial services field, our client has been extremely successful and profitable - in an ever expanding marketplace.

We are looking to appoint a young investment specialist who will be responsible for the day-to-day running of a small, technically based team as well as providing broad strategic input to a young, eothusiastic Board. Ideal candidates, probably in their thirties, (although we have no real prejudices) will be degree holders with a sound investment management background (evidenced by appropriate qualifications) and preferably. some marketing experience.

Of paramount importance are presentational skills of the highest order, and the ability to communicate at all levels both within the Group and a wider. City-based audience.

Persuasive, credible, creative and confident are all adjectives which apply to the right candidate. This is a high profile role in an informal, highly effective organisation which will offer early appointment to the Board exactly in line with the successful candidate's own performance.

Please send full career details, including current salary package, quoting Ref A 2100 to Malcolm Lawson, at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF.

Codd • Johnson • Harris

### **Equity Capital Markets** Marketing Officers

Due to growth in our Equity Capital Markets business both in the UK and internationally, we are seeking to recruit additional high calibre executives. The successful individuals will join a close-knit team and will be responsible for winning mandates around the world.

Candidates should preferably be fully conversant in Equity Capital Markets products and marketing, have experience in structuring new issues and have excellent interpersonal skills. Fluency in other languages is desirable.

Benefits include an attractive remuneration package, performance related bonus, car, private healthcare and the opportunity to develop an outstanding career based on individual merit.

Please send résumé and covering letter stating why you should be considered for interview to Diana Maxton, Group Personnel, Kleinwort Benson Limited, 20 Fenchurch Street, London EC3P 3DB.

Kleinwort Benson Limited

#### TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT



GROUP

DIRECTOR

### Standard Bank Isle of Man

#### The Standard Bank Isle of Man Group of companies is owned by Standard Bank Investment Corporation Limited, which also owns Standard Bank of South Africa Limited as well as the Stanbic Banks in many other African countries. The group is also expanding in London, New York, Hong Kong, Talpel, Zurich and Jersey, employing 31,000 people world wide. MANAGING

We are seeking to appoint a Group Managing Director for our Isle of Man operations which apart from the Bank include a firm of Stockbrokers and a Trust company. The focus of the group is international and candidates should have extensive experience of international banking and offshore financial services.

The position will be challenging and will carry an excellent salary package and all the rewards of working with some of the best people in the banking and financial services sector.

Qualified applicants should write in strictest confidence to: The Personnel Director, Standard Bank Investment Corporation (IOM) Limited, P.O.Box 220, Exchange house, 54 · 58 Athol Street, Douglas, Isle of Man.

### Chief Executive

#### **Poland**

WARTA S.A., the second largest Insurance and Reinsurance Company in Poland, is currently seeking a Chief Executive. The company has a 20% share of the Polish market, a work-force of 2,300 and a turnover in 1993 amounting to over

The appointed candidate will be responsible for the overall management of the Company, its policy, growth and financial results. Candidates, aged up to 50, should be graduates in economics, finance or law, with a successful track record at a senior level in insurance companies or financial

#### Excellent Package

First class leadership, managerial and interpersonal skills are mandatory.

The Chief Executive must be task and prolit oriented, energetic, creative, with a strong team

Fluency in Polish and English is required for this position.

Please fax or mail in confidence within 10 days a detailed CV to the address below, quoting reference number 43060, including dates of availability and current remuneration.

GKR NEUMANN

MANAGEMENT CONSULTANTS 00-5-12 WARSZAWA, UL. MOKOTOWSKA 61/17 TELEPHONE (48) 2/6254848 FAX (48) 2/6254887

#### **BANKING FINANCE & GENERAL APPOINTMENTS**



### Strategic Planner **Equities Division**

BZW is a European Investment Bank with a major presence across global capital markets. It is a leading name in equity securities with strong distribution capabilities and a highly rated research product. A rare opportunity to join the team in a key strategic role has arisen, which represents an excellent chance to develop a career in management within BZW.

Reporting to the Head of Strategic Planning, Equities Division, the successful individual will undertake a wide range of projects covering all aspects of the global equities business. This will include reporting and making recommendations following analysis of the existing business and potential new markets and also the development of cross-market products. Regular overseas travel will be required.

Candidates should have a successful track record in corporate finance or strategic consulting, although previous experience of the securities industry is not vital. Educated to MBA level, or with a legal qualification, the successful individual must be able to communicate effectively at all levels and demonstrate initiative and originality in problem-solving. Strong analytical and quantitative skills are prerequisite as is the ability to work to tight deadlines. Salary & package will be commensurate with experience.

For further information please contact Tana Akson

Jonathan Wren & Co. Limited, Financial Recruitment Consultants No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

### IN THE FAR EAST An exciting business development opportunity with a major

INVESTMENT BUSINESS DEVELOPMENT

John Govert & Co., is searching for an experienced investment professional to join its associate company in Singapore.

The position is a challenging career opportunity. In order to promote our investment expertise and generate profitable business throughout the Far East, your extensive knowledge of buth the region and UK investment products is essential. Equally important is your established client knowledge spread across a range of institutions and other condicts.

John Govert & Co. is an innovative City of London investment house and is part of the rapidly growing Govert Group, with offices in London, Singapore, San Francisco and Jersey. It manages and/or administers assers of US\$ 8 billion.

It you are self-motivated with the right credentials, and are ready to min our winning ream in Singapore, please write to me in the strictest confidence - at the address given. Remuneration will be commensurare with the seniority of this position.

ohn Govern Co. Lina 4 Bartie Bridge Lane.

LONDON SEL HIR.

#### GENERAL MANAGER

Southern European Bank with an international presence requires a General Manager for its London bronch. The condidate must have considerable experience of the UK morket and have the ability to promote business. He/she must be totally fluent in English and have a good command of onother European language. Remuneration will be negatiated according to qualifications and experience.

Write enclosing CV, to 80x A2058, All applications will be treated in the strictest confidence. We regret we are unable to reply to unsuccessful candidates. Financial Times, One Southwark Bridge, Landon SE1 9HL

#### PRIVATE CLIENT PORTFOLIO MANAGERS

Leading investment management company, based in Bristol, has capacity and opportunities for individuals, or a team with an established client base, to join our growing private client and pension fund management business.

> Please write to Box A2034, Financial Times, One Southwark Bridge, London SEI 9HL

RECRUITMENT CONSULTANTS GROUP 2 London Wall Buildings, London Wall, London EC2M 5PP Tel: 071-588 3588 or 071-588 3576

Fax No. 071-256 8501 Senior appointment with career prospects within the bank internationally

CJA

### SENIOR CORPORATE BANKER

CITY

£60,000-£75,000 + BONUS

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**LONDON BRANCH OF MAJOR GERMAN BANK** 

The present Leader of one of four corporate banking teams is being promoted and this is an unusual opportunity to Join this highly respected, expanding bank at this level. The successful candidate will report to The General Managers and will have considerable autonomy, with responsibility for the entire relationship with a section of the bank's domestic UK and international customers. Applicants (aged 32-45) must be accomplished credit officers with broadly based banking experience across the range of products and industry sectors and must have the ability to deal creatively with the Increasingly sophisticated corporate requirements. In addition to the maturity for a consistently high level of customer contact, this position calls for a banker or corporate treasurer with the spirit to develop new customers and to manage an existing portfolio of customers handled by a small experienced team.

Candidates wishing an initial discussion please telephone 071-638 0680 or write in confidence quoting reference SCB4972/FT to the Managing Director, CJA.

Opportunity to establish a team and build a reputation in this rapidly developing area



CITY OF LONDON

£65,000-£75,000 + BONUS

MAJOR EUROPEAN INTERNATIONAL BANK - ASSETS IN EXCESS OF £100 BILLION Our client has high quality corporate banking teams and the capital markets and derivatives expertise to have completed complex structured transactions for the established client base. To create a centre for this sophisticated business they seek a banker or corporate treasurer with a track record in originating, negotiating and closing structured transactions utilising capital markets products and

derivatives and a knowledge of the tax, legal and accounting issues. The successful applicant will be graduate calibre, aged 30-40, with an accounting, legal or tax qualification and 5-6 years' relevant experience. The ability to think laterally, market innovative deals et Board level and to build a small team is essential. Initial remuneration is negotiable £65,000-£75,000 + bonus end good bank benefits package. Applications in strict confidence quoting reference HSF4974/FT to the Managing Director, CJA.

An opportunity to contribute significantly to the Group's success through excellence in Insurance Management. Prospects of stock options.



#### **GROUP INSURANCE MANAGER**

**CENTRAL LONDON** 

c.£65,000 BRITISH MULTI-NATIONAL GROUP. TURNOVER OVER £3 BILLION

Due to recent restructuring of the management of our client's insurance arrangements this new position arises. We invite applications from candidates aged 40-50, M.C.I.I. who will ideally have at least 5 years successful insurance Broking experience and not less than 5 years in a major UK Corporate at senior level. Responsibilities will cover the provision of advice on the appropriete insurance and risk management policy for the Group, and making the necessary arrangements to protect the Group. The ability to liaise positively and tactfully with others at senior level worldwide is a key requirement for this position. Initial remuneration is augmented by car; contributory pension; health cover; and other large company benefits. Removal expenses if necessary. Applications in strict confidence under reference GIM4973/FT to the Managing Director, CJA.

### 

**UK/Cross Border** 

As a division of an award winning British investment bank, our client is one of the largest leseors in the United Kingdom.

The bank has good from strength to strength over the past few years, and following recent promotions, is now seeking an accomplished, analytical high

flyer with 3/5+ years exposure to £25m+ deals. Strong interpersonal skills are vital to lead future transactions and to negotiate and agree the highly complex, non-standard documentation involved. Reporting to the Head of Leasing, you will write new business and manage all aspects of a

Kidsons Impey Search & Selection Limited 29 Pall Mall, London SW1Y 5LP Telephone: 071-321 0336

Fax: 071-976 1116 UK, France, Germany, Italy, Austria, Hungary, Poland. Beigium, Switzerland, Czech Republic and Slovakia portfolio of complex high value transactions (from initial terms negotiations, instruction of and ligison with external lawyers - through to signing off on the deal).

Your big ticket experience probably will be either UK or cross border, you are ideally a graduate, highly oumerate and articulate with the drive and gravitas to keep reaching for and achieving high targets - both for the business and your career.



Please send your CV in complete confidence, to Peter Willingham, quoting reference number 774. NB: your papers will not be discussed with the client without express permission.

Package negotiable

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275.000 + ECV **高信託 む**(の) いについ and dons.

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who are industry leaders, being overall winners of the 1993 Direct Salesforce Professional Annual Awards. Please send a CV to: No. Or o 4.5  $\mu^{-1/N}$ Peter 13

Based in New Barnet, Herts

MISSION STATEMENT:

To deliver to our clients, with integrity and

service, expert advice and superior products

We have gained 25 Micropal awards,

winning 4 in 1993, and were placed amongst

the leaders in all fund sectors featured in

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off-shore funds of Hansard Financial Trust

that create wealth and financial security'

We will appoint a talented and experienced individual to complete our team, currently responsible for £620m, of which around £150m is fixed interest.

As the successful candidate you will be used to dealing at all levels of an organisation, and be confident in the creation and management of portfolios io your own area of expertise. You will be educated to degree level, probably with membership of IIMR.

This background will enable you to take full responsibility for investment in Fixed We manage the life, pension, unit trust and Interest, and participate in the general asset allocation process. Vision and maturity will ensure your place in our strategic plans, consequently a Directorship may be offered to the successful candidate

> Lynda MacLean Senior Personnel Officer Hansard Fund Mangers Ltd Liberty House, Station Road New Barnet Herts. ENS 1PA

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FIXED INTEREST FUND MANAGER

good basic salary

+ attractive bonus scheme

### Standard & Chartered Strategic Analysts

#### **Attractive Bank Package**

Outstanding young analysts to join high calibre Group Strategic Development team working across whole of bank's international network.

#### THE COMPANY

- Standard Chartered is recowned for its strong business around the globe, particularly in Asia Pacific, Africa and the
- Growth and profitability result from focus on core activities and
- Committed to continued enhancement of product offerings, service quality and expansion of unique network in existing and
- THE POSITION Key roles in pressurised high calibre strategy team. Opportunity to move into line position in 2-3 years.

N B SELECTION LTD

- ◆ Provide support to and frequently lead group wide development programmes. International travel essential.
- Work in multidisciplinary teams on vital, intensive projects across regions, businesses and products.
- QUALIFICATIONS Degree, strong numeracy, possibly MBA. Able to command
- respect at all levels. Intellectually able, mature and commercial with superb
- communication skills. · Ideal experience in international strategy consulting aod
- financial services. Rigorous analytical and planning ability.

Please send full cv, stating salary, ref N2172, to NBS, 54 Jermyn Street, London SW1Y 6LX



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> TONER **GRAHAM**

City

#### 

#### STRUCTURED FINANCE PROFESSIONAL London

Société Générale is a leading international bank, ranked fifteenth worldwide in terms of total assets, with representation in some 63 countries. Société Générale in the UK provides banking and investment advice and services to corporate and institutional clients.

We are looking for a structured finance professional to work as part of a small team reporting to the Head of Structured Finance. The role will involve analysis, modelling, documentation and execution of leveraged financings and rax-based structured financings, either as a leader or as a member of a small team depending on the nature of the transaction.

The successful candidate will have ideally gained a sound knowledge of UK leveraged financing through active involvement in a number of successfully completed transactions. A self-starter with a high commitment to quality, the candidate will demonstrate an ability both to build effective relationships with counterparts at all levels and to handle the broad business activity of the unit. The ability to speak French would be an advantage but is not essential.

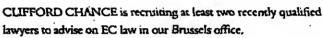
Candidates are likely to be working either in an acquisition finance team active in the market or as a qualified accountant working in the corporate finance area within a major firm. A compensive salary package will reflect our commitment to the right individual.

If you would like to join our highly motivated team of professionals, please send a detailed CV to: Louise Barrett, Head of Human Resources, Societé Générale, 60 Gracechurch Street, London EC3V OHD.



Societé Générale is a member of the Securities and Futures Authority

### **BRUSSELS BASED EC LAWYERS**



Candidates should be fully qualified lawyers, preferably:

- from a current or prospective EC Member State;
- · with academic qualifications that include significant study of
- · having a thorough capability in written and spoken English and at least one other official language of the EC.

The posicions are in the Brussels EC group which advises international clients on all aspects of EC law - in particular competition law, trade law and EC regulatory matters such as environmental issues and financial services.

The successful candidates will be selected not only on the basis of qualifications but particularly on their aptitude to work successfully in a multi-national, dynamic and major practice area. in an international firm. The remuneration package will be generous and compective.

Written applications should reach:

Alisa Cole

Avenue Louise 65 Box 2, 1050 Brussels, Belgium

Not later than 30 June 1994

#### CLIFFORD CHANCE

#### GENERAL MANAGER

#### AIR CARGO

India/CIS/Europe/US.

in similar positions.

and operate a profit center.

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fices for new Rossian Airline

hast have 15-30 years experience

Will set up operations, assemble learn

#### Thursday and in the Major responsibilities :

every Friday

For further information

Gareth Jones

Philip Wrigley

Joanne Gerrard on 071 873 4153

OB 071 873 4027

#### TREASURY MANAGER M4 Corridor c £33,000 + Bonus + Car

Our client is a major international corporation - a distinct leader in a number of key markets. The company's renown for quality and excellence extends well beyond its marketing and manufacturing capabilities into all areas of the business infrastructure - the finance function is no exception.

- Reporting to the Deputy Group Treasurer, an opportunity has arisen for a high calibre professional to join the head office team. The role will provide specialist expertise in cash and funding management. Key responsibilities will include:
- Managing bank relationships and progressing new funding sources
- · Controlling international cashflows to optimise cash and borrowing positions, and minimise group interest costs
- Providing financial support for major investment proposals and new business ventures
- Ongoing assessment of capital market and derivative products

There will be significant lizison, both with operating subsidiaries and headquarter's financial management and with external

Successful candidates will be graduates and have an accounding, MBA, or ACT qualification as well as a minimum of three years experience in an international treasury or banking operation. Excellent communication skills and a 'hands on' approach are essential

On offer is not just an attractive remuneration and benefits package but the opportunity to play a significant role in the future of this exciting and highly successful company, with prospects for advancement dependent upon merit, not length of service.

interested applicants should write enclosing a comprehensive C.V., in the

strictest confidence, quoting reference RFC95A to:

Joe Graham CA at Toner Graham, 8 Imperial Square,

Cheltenham, GL50 1QB.

#### APPOINTMENTS **ADVERTISING**

appears in the UK edition every Wednesday &

International edition

please call:

on 071 873 3779

Andrew Skarzynski on 071 873 4054

on 071 873 3351

Brian O'Neill

# Bahrain



National Bank of Bahrain is a leading commercial bank based in Bahrain in the Arabian Gulf with assets of over US\$ 2 billion. As a part of the Bank's plan to consolidate operating performance through better utilisation of its existing assets and selective expansion, NBB invites applications from outstanding investment professionals for the position of

#### Senior Portfolio Manager

- Function as a senior member of the Investments and Trading team and manage the Bank's investment portfolios made up primarily of Fixed and Floating Rate Securities in major
- Manage client portfolios.
- Recommend and implement hedging techniques to protect asset values of both the Bank and
- Coordinate with external Fund Managers and adopt strategies that maximise return on assets. Market investment related products and achieve earnings target in marketable securities and
- Evaluate investment opportunities and recommend dealing strategies and tactics.

#### Position requirements:

- University Degree.
- At least ten years' relevant professional experience in portfolio management and securities trading in major currencies including a successful track record of managing a similar profit centre in an international financial institution.
- Solid knowledge of and experience in derivative products and markets. Complete familiarity with Information and Communication systems relevant to Investments and Trading with full ability to perform in an automated environment.

NBB offers an excellent tax free compensation package with the usual expatriate benefits. Please forward your application to Senior Manager. Human Resources Development, National Bank of Bahrain, P.O. Box. 106, Manama, Bahrain.

### SALES EXECUTIVE

#### Competitive Package Sydney, Australia

We are a leading international stockbroking company specialising in equities and ralated products in markets of the Asia-Pacific region, Latin America and emarging European markets, and wa are now wishing to appoint a Sales Executive to market S.E. Asian products.

Reporting to Senior Managament in London, the Sales Executiva will be based in our office in Sydney, Australia.

The successful candidata should be of graduate calibre, mid to late 20s, with at laast 3 years relayant exparience with a banking or securities house. Experience of S.E. Asian markets would be an added advantage. Salf-motivation and excallent communication skills are essential for this role.

Interasted applicants should send a full CV including current salary datails to P.O. Box A2057. Financial Times, 1 Southwark Bridge, London

### **BI-LINGUAL** SENIOR MIDDLE EAST SALES EXECUTIVE FIXED INCOME SECURITIES

We are one of the leading institutions within Capital Markets and we wish to expand and develop our existing Middle East sales team. We require a Seniar Salas Executive with several years' relevant lacal experience, preferably gained in Soudi Arabia and/ar Bohrain. Experience must include sound understanding of both US and Far Eastern bond and equity linked products including converts with aptions, and the successful candidate will already possess extensive contacts in the region, especially with central banks and major financial

Complete fluency in written and spoken English and Arabic is a prerequisite. The post will involve extensive trovel to the Middle East and doily liaison with English speaking sales teams and syndicate desks (an a global sales

strategy basis). Salory: £75,000 plus bonus. Confidential anguiries should be addressed to PO Box No A 2051,

Financial Times, 1 Southwark Bridge, London SE1 9HL.

**Bonus + Benefits** 

- Capital Markets

- Capital Markets

- Trading Products

- Trading Products

- Counterparties

- Derivatives

- Bonds/Asset Swaps

U.S. BANK TRAINED

CREDIT/RESEARCH ANALYSTS

We require for our major bank clients, the following trained analysts:

If you have a strong personality, are currently working within a major bank and seek a significant forward move in your career, fax or mail your co, with full details, to Ron Bradley, Head of Executive

Jonathan Wren & Co. Limited, Financial Recruitment Consultants No. 1 New Street, London EC2M 4TP Tel: 071-623 1266 Fax: 071-626 5259

IONATHAN WREN EXECUTIVE

**BRITISH MERCHANT BANKING AND SECURITIES** 

HOUSES ASSOCIATION (BMBA)

SENIOR EXECUTIVE

The BMBA, which represents the interests of the leading firms in the Investment hanking

industry, has a vacancy for a senior executive to work in the field of financial resources

The successful candidate will either have had direct experience as a practitioner or will have

extensive knowledge of the legislative and regulatory framework, both domestic and

nternational. He or she will need good communication skills; some knowledge of European

Remuneration and benefits will depend on experience and qualifications, but will reflect the

The Director General, BMBA

6 Frederick's Place

London EC2R 88T

All applications will be treated in complete confidence.

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The FT can help you reach additional business readers in France. Our link

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readership and to further target the French business world. For information on rates and further details please telephone: Philip Wrigley on

Applications (marked "Personal") should be sent, with a full curriculum vitae, to:

Salary: Excellent

£75K+ - Credit/Administration

£40K+ - Asian Banks/Corporates

£70K+ - Credit Research

£40K+ - Eastern Europe

Recruitment

anguages would also be an advantage.

importance of the post.

£45K+ - UK Banks Analyst

£35K+ - Middle East/Africa

£35K+ - Australia/China/India

القديمة والمرتب المعارية الدارين الرابي

#### **GUINNESS FLIGHT** ASIA LIMITED

#### ASIA PACIFIC INVESTMENT DIRECTOR

#### HONG KONG BASED

Guinness Flight have recently established a regional locadquarters in Hong Kong. An investment director and skilled investment managers are now required to expand the range of Asia Pacific products offered to the Group's rapidly growing clientele.

The successful investment director candidate will report to the local Managing Director and will lead The successful investment director candidate will report to the scale will be available for the right candidate who must be abla to demonstrate that they have the required experience and a successful track record in managing Asia Pacific (ex-Japan) equides. If you are in your mid 30s and seek a position where an effective contribution towards creating a successful business can build for you a substantial capital sum,

Tim Guinness, Chairman, Guinness Flight Asia Limited, c/o 5 Gainsford Street, London SE1 2NE. Tel: (071) 522 2100. Fax: (071) 522 2105

Dudley Howard, Managing Director. Guinness Flight Asia Limited, Unit Trust Centre, Upper Ground Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Tel: (852) 861 6801. Fax: (852) 861 6862.

### TURKISH BUSINESS DEVELOPMENT OFFICER

A major European Financial Institution seeks a Turkish Business Development Officer for its Landan Emerging Markets Group.

The successful candidate will have a minimum of two years' relevant financial experience in Turkey, including working with Turkish Treasury/Foreign Trade Department and covering recent privatisations, and will be at ease dealing with Government officials and Chief executives in major industries there.

He/She will need first class ocademic qualifications (preferably to second degree level) in a relevant discipline, and will offer perfect fluency written and spaken, in Turkish and English, being able to conduct business in bath longuages would be a considerable advantage.

Canfidential enquiries should be addressed to PO Box No A 2050, Financial Times, 1 Southwark Bridge, London SE1 9HL.

### **SENIORS** FORWARDS. IRS SWAPS,

join a top-rank financial group, a leader in the Paris market.

Senior U.S. Treasury Broker

RMJ Securities Corporation, a division of Exco plc, seeks to recruit a senior U.S. treasury broker for their London office. Suitable candidates must possess:

• a degree level education and a minimum S years experience of broking U.S. Government securities - 2 years at aenior management level.

a proven track record in the U.S. treasury market, including at least 18 months experience working in the Tokyo and New

York markets

a minimum of 2 years experience of managing a desk and staff

the ability to bring with them an established client base and the capability to develop a market strategy for this sector.

Competitive remuneration packages will be offered for this high-profile position.

Should you meet these requirements, please write with full C.V. and details of current remuneration package to : Senior Personnel Officer, Exco (Management Services) Ltd., Sherborne House, 119 Cannon Street, London EC4N 5AX.

NO AGENCIES

SOFTWARE DESIGNER/PROGRAMMER

FINANCIAL MARKETS

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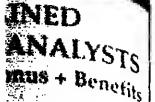
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#### ACCOUNTANCY COLUMN

# Malignant virus plays havoc with numbers

Andrew Jack argues that the profession risks losing credibility in the wake of the Lasmo-Enterprise battle

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virulent numbers-eating killer A bug is gnawing away at body of British accounting, in bug is gnawing away at the an epidemic that threatens the profes-

sion's credibility.

Experts believed they had starved out the mystery virus in a climate of reform following the harsh years of recession. But a fresb outbreak of cases in London in the last few days has raised fears that it is back with a vengeance and may have developed immunity to regulatory antibiotics.

The latest manifestation came last week in a glossy 12-page defence docu-ment from Lasmo, the oil exploration company, called "Enterprise Oil: the financial myth". It attacks the accounting policies of Enterprise, its rival, which has launched a hostile takeover bid.

The sub-title is more tantalising: s quote from Mr Graham Hearne, the chairman and chief executive of Enterprise, stating "Earn-ings...the playthings of accoun-tants". A cynical observer of the bat tle between the two companies and their advisers might be more tempted to ra-phrase that as "Accountants . . . the playthings of their clients".

The Lasmo document accuses Entarprise of contravening UK accounting standards in its acquisition of several oil and gas assets in the past few years to inflate earnings. It also highlights a catalogue of what it maintains are financial weaknesses in its rival, such as poor dividend cover and high gearing.

As in so many other areas, tha details of the accusations are rather less important or interesting than

what the attack says about those behind them. KPMG Peat Marwick, which provided clean audit opinions on Enterprise's accounts, indignantly

defends itself and its client. Ernst & Young, Lasmo's auditors, and in particular a team of corporate finance specialists at Coopers & Lybrand, are behind the accounting attack. While the wording has been carefully phrased by lawyers to suggest the accusations are made by Las-mo'a board, both firms have confirmed that they stand by all the

assertions in the document. No doubt other firms would have been equally willing to help. "If this is the best that they can come up with, maybe I should go over and give them some lessons," says a top partner in a leading firm of accountants who spe-

cialises in ripping apart accounts.
Finding a firm of any appreciable size to comment publicly on the Lasmo-Enterprise bld is a different matter. Most have apparently had no problem in developing "cliant con-flicts" as auditors or advisers to one side or the other, which means professional ethics forbids them from speaking out on the subject.

All this is good fun for financial journalists and other observers of business, of course, who nostalgically recall the corporate battles of the 1980s. Senior executives are suddenly available for comment day and night, while their advisers offer off-the-record "objective" briefings and trade insults about their rivals.

But it sits rather uneasily with an accountancy profession plaintively claiming that its reputation has been unfairly tarnished by critics and

pleading to be trusted to act responsibly to exercise its own indements rather than be hidebound by formu-

laic financial reporting standards.

An unsavoury conclusion emerges from the Lasmo attack. Either Coopers et al is right and Enterprise has breached accounting standards - in which case KPMG should have qualified the accounts - or it has made a misguided accusation. At least one firm has therefore produced an opinion which ought to be seen as highly damaging to its integrity as a group of professionals with independent judg-

ven short of the issue of whether there has been an actual breach of standards, the back-and-forth between the firms suggests that the opinions provided by accountants are questionable and that the readers of accounts should be more wary than ever of the information in annual reports. At the extreme, that suggests we may as well dispensa with the audit as a credible statement altogether.

The minntiae of the Lasmo accusation are interesting, and certainly do not reflect well on accounting in the late 1980s. Enterprise bought an interest in the Beryl off field properties in 1988 for £158m, but put it in its own books at just £9m allowing it to keep depreciation minimal and profits up.

Enterprise says it used the merger provision in SSAP 23, the standard on acquisitions and mergers, which permits significant adjustments to the value of the assets. It argues this was the most "prudent" approach. Some observers suggest that tha

presence of extensive footnotes in the accounts indicates KPMG was nervous about the treatment and insisted on significant disclosure to compensate. Lasmo, backed by Coopers, says it believes the £149m adjustment in the books baldly breached the standard - whether merger or acquisition

accounting was used.

The small print certainly shows the use of a rather tortuous scheme in lieu of paying cash for Beryl directly, which would have been treated as an acquisition. Warburg, Enterprise's merchant bank, paid £158m for all the shares in an off-the-shelf company registered in Jersey (with its limited disclosure requirements) called Ton-mar Trading Tonmar used the money

to pay £158m in cash for Beryl. Meanwhile, Warburg underwrote a placing of £158m of new Enterprise shares, which it was given in exchange for handing over all the Tonmar shares to Enterprise. Warburg received a percentage commis-sion on the placing, Enterprise acquired the Beryl assets through their transitory owner. Tonmar, which was rewarded by being swiftly liquidated. The practice is hardly the most conventional form of merger. though it appears to comply with the letter of SSAP 23. It was one of many financial engineering schemes prac-ticed in the 1990s, and signed off unqualified by firms of auditors.

Mr David Tweedia, chairman of the Accounting Standards Board, says in a general refarence to merger accounting that it was widely abused in the 1980s until advisers found it was even easier to exploit other rules in the standard on pre-acquisition

provisions. Ha has now clamped down on both issues in draft standards.

Court of November 1

That might suggest that even if the criticism of Enterprise is valid and the tactic was widespread, it is at least a thing of the past. But the sal-voes from advisers on both sides of the battle suggest accountants are as eager as ever to lend professional cre-dence to the beliefs of corporate executives - even when their views con-

Take the latest statement from the Financial Reporting Review Panel last month. It "welcomed" the decision by BET, the business services group, to restate in its 1994 accounts details from its 1993 profits. It said the original version did not fulfil the require ment of FRS 3, the new standard on the profit and loss account designed among other things to all but eliminate profit-massaging extraordinary

BET chose to highlight in hoxes both its operating profit before excep-tional items, and the value of excep-tional items. No such box flagged the all-inclusive figure of pre-tax profit (or, in this case, after exceptionals, the pre-tax loss). The chairman's and chief executiva's statement made much of the early adoption of FRS 3, but also placed much emphasis on the figures before accounting "adjust-

Final

Like so many of the review panel's previous judgments against compa-nies in the last two years, the sudit report was unqualified. And which firm of accountants provided the view that the accounts were "true and fair"? None other than Coopers & Lybrand. The killer bug lives on!

Advertising Agency Finance Director - Europe Critical role in the top performing region of one of the world's most prestigious odvertising agencies. Operating in over 30 countries, the region is highly profitable and benefits from advanced management and control structures. The role will focus on refining management information and controls and has a high commercial and strategic content positioning the region for sustainable competitive advantage.

Outstanding career prospects.

- Responsible to the President-Europe and the Group CFO for the full financial management of the region. Key contribution to strategic and operational
- developments. Analysing and Interpreting individual office performance to identify risks and market opportunities. Lead role in the development and
- negotiation of commercial agreements.

  Developing reflective relationships with senior operating managers to set annual budgets and determine key revenue and cost issues. Developing and implementing the IS&T strategy to keep pace

THE QUALIFICATIONS

- Top flight graduate ACA, early to mld 30s, with 'big six' training and an excellent record in a blue-chip, rigorously controlled, progressive service business.
- Weli-developed analytical skilis and strong commercial orientation. Demonstrable success in financial and management accounting roles. International experience highly desirable.
- Determined and robust professional who will thrive in a fast paced, collegiate environment. Excellent relationship building skills with the stature to

Leeds 0532 307774 London 071 493 1238 Manchester 061 499 1700

Selector Europe Spencer Stuart

Picase reply with full details to: Scinctor Europe, 2nd. 151510641, 16 Commonist Pinco, London W2 JED

Substantiai

Personal Investment Authority

#### Director of Finance and Operational Services

The PIA will be a new self-regulating organisation charged with regulating investment business (except stockbroking) carried out by financial advisors on behalf of the private investor with the prime objective of delivering investor protection. The PIA anticipates a membership of 6,000 financial services firms and will have a budget of c. £30m. This is a highly visible and challenging task.

- Responsible to the Chief Executive for the full financial management and operational running of the PIA. Managing a team of c. 50 in finance, systems, planning, personnel and administration.
- Ensuring substantial systems initiatives deliver member registration, monitoring and other services effectively. Developing and managing the budgeting organisation to key influencers in external agencies.
- Significant contribution to strategic development as one of a small, progressive top management team.

their late 20'a.

THE QUALIFICATIONS

- Bright graduate ACA, mld 30s mld 40s, with distinguished record of financial and systems management in a progressive, blue-chip environment. Experience of financial services useful, but not essential.
- Capable of leading a rigorous and responsive team during significant growth and change. Disciplined analyst and planner with well-developed project
- Sure footed, mature and positive professional with the stature and poise to influence effectively both internally and externally. An authoritative, yet approachable figure.

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Selector Europe Spencer Stuart

Picasa repty with full datalle to: Selector Europe, Sel. 53/299544, Se Commight Pisco, Landon W2 ZED

INNOVEX PLC is the premier services company in the Healthcare sector, with a challenging programme of international growth based on its outstanding success in the provision of human resource services to pharmaceutical and related companies.

Global acquisitions, coupled with impressive organic growth have provided opportunities for promotion within the international headquarters.

This has created three senior, high profile positions for qualified accountants who must be able to demonstrate excellent inter personal skills and the ability to achieve goals in a fast moving services environment.





UK FINANCE DIRECTOR

c£40,000 + f/e car and substantial bonus Reporting to the UK Managing Director, with functional responsibility to the Group Financial Controller, this demanding position will be responsible not only for the quality of all financial reporting issues to

strict deadlines, but also for treasury management, IT, fleet and other

finance related functions. Candidates should be in their mid-thirties, and must be graduate qualified accountants with a successful track record of managing staff based in Marlow, Bucks.

UK FINANCIAL ACCOUNTANT c£30,000 + f/e car and bonus

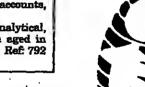
This position reports to the UK Finance Director and will be responsible for the accurate management of the purchase ledger, sales accounting function, payroli and personal expenses control. The personality to motivate staff is considered vital for this position. Attention to detail and the ability to adopt a process based approach to

finance quality initiatives are also critical The successful candidate is likely to be a qualified accountant with at least two years line management experience.

UK MANAGEMENT ACCOUNTANT

Reporting to the UK Finance Director and working closely with senior non-finance managers, the successful candidate will be responsible for the production of accurate and timely monthly management accounts, budgets and forecasts and their analysis and interpretation. Candidates must be qualified accountants, highly analytical, possessing exceptional communication skills, and should be aged in

c£30,000 + f/e car and bonus



Please send a comprehensive CV, in strict confidence, to Andrew Sales FCCA, quoting the appropriate reference number: Kidsons Impey Search & Selection Limited, 29 Pall Mall, London SW1Y 5LP Telephone: 071-321 0336 Fax: 071-976 1116 UK, France, Germany, Italy, Austria, Hungary, Poland, Belgium, Switzerland, Czech Republic and Slovakia

### music multinational

young qualified accountants

top of the range package

iondon w1

An executive level opportunity to join a team of high quality finance professionals who have delly exposure to the key decision mokers of one of the world's top 5 music corporations.

Currently diversifying into multi-media, the company enjoys high growth and high profit. This environment generates an engoing demand worldwide for international candidates to fill financial planning, marketing support and eporational reles. You should be of the calibre encessary to make that move in ebeat 18 mouths.

The epportunity should appeal to a Chertered Accountant with up to 3 years post-qualified experience geined within a lerge peblic practice or in an ieternatioeal commercial envirenment. While leegeage skills ere edvantageens they are secaedary to ebility, metivatiee and potential.

Your key rule in group finance will include:

- Post acquisitine and integration plenning
- Basicess process engineerieg

esing Micry Central

- Post implementation raview of project justification and bonefits
- Review of management information and control Menitoring of growth and profitability

If you are looking for excitement, narly responsibility. international travel (c.30%) and the apportunity to make a real contribution to a fast moving, dynamic company we want to hear from you.

Apolysis of menthly results, business place and forecasts.

Complementing an excellent salary is a folly expansed car. central Lendee parking and share options.

#### CORPORATE FINANCE EXECUTIVE

\_\_\_\_\_

London Age: 25-35

We are a leading corporate finance company advising acquirers, vendors and MBO teams on deata worth between £2 million and £50 million plus. To meet increasing demand for our services, we need to recruit another executive:

- who is a qualified chartered accountant with previous deal experience in acquisitions, diaposals or MBOs preferably with a second European language
- has worked for a quoted group, or a corporate finance department or a venture capital house In the City, after leaving the profession
- keen to work in a demanding, entrepreneurial and meritocratic environment, which offers opportunities to earn promotion and high financial rewards

Please send your CV, details of your present salary and a daytime telephone number to Barrie Pearson,

Livingstone Fisher Plc, Acre House, 11-15 William Road, London NW1 3ER VLIVINGSTONE FISHER The Acquisition & Disposal Specialists
A Member of FIMBRA

farn williams

Please contact: Jonathan Farn or write with CV to Farn Williams, financial recruiters, 1 Benjamin Street, London ECTM 50L — Telephone 071 688 1133

AAA Investment Bank

One of the most respected international investment banks, our

client is continuing to develop its outstanding reputation across

A need has arisen within the group finance function to recruit a financial controller for the group's securities activities. You

will be responsible for a team providing all of the financial and regulatory reporting for the main trading companies which are involved in equities, bonds and related derivative products. There will be a significant level of involvement with challenging adhoc

projects requiring extensive lizison with the front office support teams, taxation and compliance, in this fast moving environment.

This is a very demanding position requiring a combination of technical and managerial skills. Aged in your late twenties or early thirties, you will be a graduate qualified accountant,

a fully integrated range of banking, securities and related

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Euch Carrier 40 The Magazine Co.

BIRMINGHAM TEL 021-256 3681 NOTTINGHAM · MANCHESTER GLASGOW - EDINBURGH



#### c£45,000 + Banking Benefits

probably ACA, with at least 4 years post qualified experience. This will be focused on the securities industry and should include significant regulatory exposure, mainly SFA related. Applications from major banks or the profession are welcome.

This is an excellent opportunity to join an investment bank of the highest quality with responsibilities for some of their most important activities. In return, you will require a positive long term perspective to your career, be motivated to succeed in a team orientated environment and possess the ability to perform consistently to tight deadlines.

Interested applicants please send a full CV to Tim Musgrave, Ref 22/1728 at Morgan & Banks Pic, Brettenham House, Lancaster Place, London WC2E 7EN, or if you prefer, telephone 071-240 1040.

#### **GROUP CHIEF ACCOUNTANT**

#### Shepperton

c£40,000 + Car + Benefits

Our client, a holding company encompassing nine diverse companies is now seeking to appoint a Group Chief Accountant.

Reporting direct to the Group Chairman and joint Managing Directors, your brief will be to make a significant contribution to the development of the group's financial strategy and policies. You will also be responsible for collating and verifying the results from subsidiary operations, reviewing and developing the group's financial structure, together with ensuring that comprehensive controls and reporting procedures exist and are maintained in all areas of the business. Additionally, it will be necessary for you to liaise with external advisors, carry out certain Company Secretarial duties as well as controlling the centralised accounting

The successful candidate will be a Chartered Accountant, aged 35 plus, and have at least 10 years post qualification experience gained preferably in the commercial

**European Controller** 

Marketing

Develop new measurement criteria of advertising and

promotional projects in order to maximise efficiency of

The successful candidate will be a qualified accountant with

supporting a demanding marketing function. Applicants with

Strong negotiating and communicating skills must be combined

with independence, maturity, commercial awareness and, above

all, adaptability as the role is certain to broaden and develop;

such is the culture of Lorus, dictated by their rapid rate of

On offer is not lust a well remunerated senior position in a

of the most exciting and demanding companies in Europe.

market leader, but the opportunity to genuinely influence one

Interested applicants should write, enclosing a comprehensive

outstanding technical skills and a proven track record of

European exposure gained in either a hi-tech of FMCO

environment will be of particular interest.

Please write, enclosing your CV and salary details to:-

Sylvia Adams, Personnel Consultant, Menzies Personnel Consultants, Ashby House, 64 High Street, Walton on Thames, Surrey. KT12 1BW Tel: 0932 247611



# Group Financial Controller

#### West Midlands

Our client, an international group has expanded rapidly by both acquisition and organic growth. Internal restructuring, and a strengthening within its finance function, has led to the need to recruit an outstanding Group Financial Controller.

The scope of the role will cover the areas of group financial consolidation and reporting, treasury, audit and financial systems development. Supporting the Group Finance Director, who will adopt more of a 'city liaison' role, you will help the Group develop through an exciting period of change.

Ideally aged 30-40, you will be technically excellent with

c £40-45,000 + Car

a hands-on approach and display high levels of energy and enthusiasm. Experience in an international group role at a Senior level will be important, as will a commercial outlook, ambition and seasoned manmanagement skills. A truly fast-track go-ahead individual

If you believe you have the qualities to fulfil this role and have the energy to help move this company towards an exciting future, then please forward a comprehensive CV stating current salary to Adam Leon or Paul Kinsey at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD, quoting ref. 191459.

Michael Page Finance Socialists in Financial Recruitment

Specialism in Financial Recruiment London Bristol Windsor St Albans Leatherbead Bi

#### Working Together

Our client, Lotus Development Corporation, is continuing to enjoy strong revenue growth with turnover for 1993 of just under \$1bn worldwide. Since the Jaunch of 1-2-3 in 1983, to the more recent Notes (which created the revolutionary Groupware concept), their products have consistently achieved new ground and new standards, thoroughly deserving a reputation for quality, reliability and superiority. In an industry renowned for innovation, rapid change and corporate adaptability, Lotus have led from the front.

The European business now seeks a Marketing Controller. Reporting directly to the Marketing Directors (and functionally to the International Controller) the position provides the critical link within the heavily matrixed European sales and marketing organisation to ensure that marketing budgets are spent as effectively as possible to support sales efforts. Key

- Exercise control over all marketing spend and actively

#### eurriculum vitae, daytime telephone number and details of current remuneration to Dan Chavasse at Michael Page Finance, 39-41 Parker Street, London WC2B

### **Investment Accountant**

. . . .

Our client is one of the UK's most pr financial services institutions with funds under management in excess of £6.9 billion and offering a comprehensive range of investment products and services, to both corporate and individual clients.

Reporting to the Manager, Investment Accounts, a high calibre Investment Accountant is required to head up the Investment and Unit Pricing finance function. This is a highly challenging tole requiring excellent managerial skills coupled with a strong technical background. Operating in a dynamic, ever changing environment, key responsibilities will include:

- · Providing accurate financial information to tight
- Management of the relevant investment accounting team including recruitment, appraisal and training of staff.

#### to £36,000 + Car + FS Benefits

- Controlling production of published prices for unitised funds.
- · Taking responsibility for signing off correct prices. Developing relevant systems and procedures.
- Developing relationships with Fund Managers, Actuaries and Auditors.

The successful applicant will be a qualified Accountant with experience of Investment Accounting or Unit Pricing. In addition, they will need to possess a strong character, a positive attitude to change, excellent organisational skills and the ability to train, develop and motivate staff.

Interested applicants should write to Jonathan Williams or John Zafar ACMA at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH

Michael Page Finance

Specialists in Financial Recruitm

### Middlesex c £65,000 + Bens

responsibilities include:

- participate in the decision-making surrounding its
- deployment Assist in the development of European pricing
- In-depth analysis of new product profitability.

#### 5LH, quoting reference J/191256. Michael Page Finance

Specialists in Financial Recruitment London Bristol Windsor St Albans Leatherbead Bir ingham Manchester Leeds Glasgow & Worldwide

### Accountancy Personnel

### (MABEY)

### **FINANCIAL**

### CONTROLLER

£30,000 Package + Car

+ Relocation

A member of the highly successful, privately-owned Mabey Group, Mabey and Johnson Limited is a manufacturer of proprietary steel bridging systems with an annual turnover of £25 million. A large proportion of the company's annual production is for the export market.

The Company

Employing 200 people, the company operates on three sites in the UK, the main manufacturing unit occupying a 135,000 square feet factory unit in Lydney, Gloucestershire. Having invested heavily in robotic and computer-controlled plant over the last five years, the company is profitable with expanding operations worldwide.

#### The Vacancy

Reporting to the General Manager the role involves the management of the accounts staff of 5, and the responsibility for production of monthly and statutory accounts Information for the Company and its US subsidiary. The successful candidate will also operate as an integral part of the senior management team, and will be responsible for maintenance and development of computer

#### The Candidate

A fully qualified accountant, with a minimum of two years post-qualification experience is required, ldeally gained in a manufacturing environment. Experience in standard and contract costing would be an advantage, as would dealing with accounts of overseas subsidiaries and foreign exchange

Rural Gloucestershire



This position is being handled exclusively by Accountancy Personnel. Interested applicants should send a CV to Paul Bennett, Business Manager, 37 St. Georges Road, Cheltenham, Gloucestershire GL50 3DU.

# Finance Manager

#### **Broad Commercial Role**

Up to £35,000 + Car + Benefits

West Midlands

Outstanding opportunity for commercially focused young finance professional. Wide ranging responsibilities within continuous improvement culture. Director designate position.

THE COMPANY

- Highly successful subsidiary of £500 million plc. Turnover £7 million. Fast growing, 40% compound growth year on year. \* · Regarded for product innovation and outstanding
- Quality focused. Goal to achieve world class manufacturing status.
- THE POSITION ◆ Lead team of 15 in accounts, quality, systems, personnel, warehouse and purchasing functions.
- Report to Managing Director. Ensure the timely and accurate production of financial results. Lizise with divisional and Group Head Offices.
- Develop information systems to support business operations and decisions.
- Significant input into ractical and strategic development of business. Key member of senior management team. **QUALIFICATIONS** ◆ Highly talented qualified Accountant, probably aged
- between 28 and 35.
- Previous financial management experience within a quality driven company. Ability to combine hands-oo-task
- orientzted work with a strategic outlook.

  Bright, resourceful and flexible. Must possess excellent communication and people management skills.

Please send full cv by June 24th, stating salary and ref. GSM2248, to Barkers Response & Assessment, Berwick House, 35 Livery Street, Birmingham B3 2PB

RECRUITMENT ADVERTISING RESPONSE HANDLING CANDIDATE ASSESSMENT GRADUATE RECRUITMENT EMPLOYEE COMMUNICATIONS

Price Waterhouse



### Executive Director of Finance

#### Major London Teaching Hospital

#### Flexible package

With an annual turnover exceeding £120m, rising to £130m next year, and a large capital programme, this is a high profile role in one of London's major NHS Trusts.

Working closely with the Chief Executive, Chairman and other Directors, you will play a key role in formulating our business plan and determining the acquisition and deployment of resources to meet that plan.

A qualified accountant, previous experience of public sector finance, although useful, is not essential. More important is a proven capacity to manage a substantial finance function and develop effective working relationships with a wide range of other organisations in both the public and private sectors. The provision of effective leadership to all staff engaged in the finance function and those who work

alongside them in the development, implementation, and monitoring of policies designed to achieve the Trust's goals and objectives is also an integral part of the role.

A successful record of instituting best business practice and experience of managing a large capital programme and organisational change, coupled with a minimum of five years experience at Board or similar level, is essential

For further information (in the form of a briefing pack), contact our advising consultant Hamish Davidson on 071-939 6408, quoting reference H/1460/FT.

Closing date 10 June. Executive Search & Selection, Price Waterhouse, Milton Gate, I Moor Lane, London ECZY 9PB. Fax: 071-638 1358.

#### COMMERCIAL ROLE IN PROGRESSIVE SERVICE BUSINESS

**WEST MIDLANDS** 

c.£60,000 + BENEFITS

- Opportunity to join a \$100m turnover business services company poised for profitable expansion after a period of restructuring and refocussing the business. Subsidiary of a major plc which can offer significant career opportunities.
- Playing a lead role in the commercial development of the business through acquisitions and new customer contracts, as well as ensuring effective financial management of a company seeking to balance tight central controls and local decision-making
- Key accountabilities include development of long- and short-term plans, delivering timely and accurate financial reports, evaluating potential acquisitions, supporting major negotiations,

Please apoly in writing quoting Ref: 746 with full career and salary details to: james Thorne Whitehead Selection Limited I The Courtyard, 707 Warwick Road, Solihuli West Midlands 891 3DA. Tel: 021 709 0909 monitoring pricing policies and developing a talented but young 50+ strong finance team.

- Probably 35-45, a qualified accountant with senior financial management experience in a fastpaced and pressured business, probably in the
- · Demonstrably high level of numeracy and analytical skills as well as the intellectual capacity to understand the detailed dynamics of a complex business. Well-rounded business skills to make a broad commercial contribution
- Progressive, informal and open leadership style. Ability to relate to staff at all levels. Good presentation skills and strong customer service

Whitchead SELECTION

### Accountancy Personnel

**Direct**  Guardian Direct is a new direct insurance company launched by the Guardian Group of companies on 2nd March 1994. Initially operating in the motor and household insurance sector, the company has ambitious plans for growth and aims to become a market leader within the next five years. Having made recent investments in computer systems, staff training, marketing and advertising, they are now looking to recruit an ambitious finance professional.

The Company

Head of Corporate Accounting

and Control

The Opportunity Based at the company's impressive headquarters in Colchester and working closely with the Financial Controller your key responsibilities will include: The production of financial accounts including preparation of annual statutory accounts.

The design and implementation of effective accounting controls.

The specification and implementation of new computer systems.

Management of the company's taxation affairs, bank accounts and production of DTI returns

 The recruitment, training and development of a new team of staff. The Candidate

To £30,000 + Benefits

A Graduate ACA, having trained with a top 20 firm, you will ideally be in your mid to late 20's and have approximately three to four years post qualification experience. Knowledge of the financial services industry is essential. Opportunities for progression within this young and dynamic organisation are excellent for a team player with first class Interpersonal and man-management skills

Colchester



This position is being handled exclusively by Accountancy Personnel, For further information please contact our Recruitment Advisor Jane Garrard or write enclosing a full CV to Accountancy Personnel, 36 Museum Street, Ipswich, Suffolk

Exceptional career opportunity in a major investment bank

### Director, European Audit

London

£ Executive Director/Big Six Partner

Our client is a leading global investment bank with an outstanding reputation for profitability and innovation. The environment is one of expanding business volumes and increasing product complexity in which the control of risk is of paramount importance.

We wish to appoint a key individual whose brief will be to ensure that controls are in place to manage a complex set of financial, credit, regulatory, managerial and reputational risks. You will direct audit and consultative efforts to develop control strategy and address critical risk areas identified in partnership with other members of the senior management team.

These responsibilities, along with your involvement in strategic development projects, will enable you to make a vital contribution to the business.

A securities industry specialist with high level business and technical experience, you will have in-depth product knowledge and excellent management skills. An energetic, creative thinker enjoying executive responsibility in a financial institution or "Big Six" firm, you will be of the calibre and stature needed to make an immediate impact. The scope of this role is exceptional and the organisation will meet your ambitions regarding compensation and future opportunity.

Interested candidates should write to Suzie Mummé at BBM Selection, 76 Watling Street, London EC4M 9BJ enclosing a full Curriculum Vitae which should include contact telephone numbers. All applications will be handled in the strictest of confidence.

76, Watling Street, London EC4M 9BJ

louche

Ross



Tel: 071-248 3653 Fax: 071-248 2814

### PINANCE DIRECTOR

#### **Brentford**

This £10m turnover company manufactures and supplies reprographics equipment to the graphic arts industry in the UK. It remains competitive in a fiercely aggressive market through the quality of its new product development and the excellence of its customer service and support. The Finance Director will play a key role as part of the senior management team in ensuring market share continues to grow.

Reporting directly to the MD, the Finance Director has responsibility for managing 20 highly motivated staff in accounting, MIS, credit control, payroll and personnel. Major areas of importance, against which performance will be judged, are cash management, inventory control, efficient treasury management, risk assessment, timely and accurate reporting, and team leadership. This is a hands on as well as a strategic role.

#### £40,000 + car + benefits

Probably a young, qualified (ACA or ACCA) accountant, you are currently likely to be fulfilling a financial controller role in a small to medium Demonstrable technical competence must be combined in equal measure with commercial flair, first rate people management skills and a high level of personal enthusiasm and

Progression prospects are excellent.

If you feel you are ready for a directorship, please send an up-to-date resumé, including salary details and daytime telephone number, quoting reference CRR136, to Christopher Rose. Touche Ross Executive Selection,

Mountbatten House, I Grosvenor Square, Southampton SO I OXU.



MANAGEMENT CONSULTANTS

### **Financial Controller** Asst. to Group Financial Controller

C£35,000 & benefits · Famborough

The Defence Research Agency is an agency of the Ministry of Defence. Our mission is to be the prime provider of technical advice to the MoD. We also provide advanced technical services to other Government departments and to private industry. Under the leadership of a Chief Executive recruited from industry, we are undertaking a dramatic programme of change to become a progressive, professional and efficient commercially-run organisation, whilst preserving our traditional scientific excellence, objectivity and international

in this new climate, high profile roles of strategic importance are being created for exceptional professionals whose technical skills are matched by real vision and an appetite for the challenge of change. For the following two appointments, the successful candidates will be qualified accountants of graduate calibre who can work effectively with financial and non-financial colleagues.

#### FINANCIAL CONTROLLER

Working closely with the Managing Director, this is the senior financial position within one of the DRA's major business sectors. In addition to ensuring tight financial control your brief will focus on improving management information, developing strategy and managing the re-engineering

of the business. Tenacity and a hands-on approach will be vital qualities, and we will be looking for a track record of achievement in the face of similar challenges.

ASSISTANT TO GROUP FINANCIAL CONTROLLER

This position is within a small team providing information and analysis to executive management and maintaining financial control over the DRA's 11 businesses. Effectively this means you are helping to steer a £700 million organisation, working with all levels of management and senior finance staff within the business sectors. The preparation and review of financial information will be mixed with a broad spectrum of investigative work and the provision of advice and guidance to the business.

Remuneration is negotiable and will include a performance related bonus. These positions are initially offered on a three year fixed term basis which may be extended to a maximum of five years.

Please telephone for an information pack on (0252) 394602. Alternatively, forward your current cv to Mrs Brenda Hacker (to be received by 17th June 1994) indicating why you wish to apply and what contribution you teel you can make to the work of the DRA. Functional Department 106, Q101 Building, Personnel, Room

Defence Research Agency, Famborough, GU14 6TD.

**Defence Research Agency** WE ARE AN EQUAL OPPORTUNITIES EMPLOYER

# MEAN REPAREMENT AND THE REPORT OF THE PAREMENT OF THE PAREMENT

the UK's most prestigious and progressive

financial services groups, the Royal Bank

of Scotland places considerable emphasis

based in Edinburgh who is a qualified

accountant with experience of using or

auditing major accounting and reporting

systems in the financial services sector. You will assist the Audit Manager in planning

and undertaking audits in the Group Finance

and Operations areas; leading audit teams and undertaking tasks to meet the audit objectives

in addition to assessing and reporting on the adequacy and effectiveness of controls.

Openings are also available for AUDITORS

based in Edinburgh or London, whose experience includes general insurance,

systems development audit or branch banking/building societies. You will undertake essential audit procedures, assess

the organisation

payments

in support of our core

business activities, we

are now recruiting Internal Auditors at our

Edinburgh and London

offices to work on a

wide range of bank

group finance functions.

and other operational

Specifically we seek a

SENIOR AUDITOR to be

urance subsidiarles

A growing number of owner managed businesses within our expanding client base require a proactive and wide range of services on all aspects of taxation (consultancy & compliance) as well as assistance with raising funds to finance growth.

The team providing these services is technically strong, has been supplemented by assertive, future Partners, and is engineering the cultural change necessary to cope with the growth targets and the additional "focus" defined in the tax business plan.

We intend to appoint a commercially biased Partner with sound tax and corporate finance akills to provide leadership for the team, co-ordinate its marketing activities, provide services to the highest standards Kidsons Impey

Search & Selection Limited 29 Pall-Mall, London SW1Y 5LP Telephone: 071-321 0336

UK, France, Germany, Italy, Austria, Hungary, Poland, Belgium, Switzerland, Czech Republic and Slovakia

Package negotiable

of excellence and produce the budgeted profits. An

emphasis is therefore required on creativity and innovation as opposed to controls and procedures (which are in place and sound). The successful candidate will not necessarily be

in private practice at present although a thorough understanding of the environment is essential. A package will be structured to meet the needs of the new lead Partner and will be related to the success of these efforts. Please apply in strict confidence.

to our advisor, Peter Willingham. quoting reference number 769. No CV will be released to the chartered accountancy practice without express permission.

Charlared Accountants

#### **APPOINTMENTS** WANTED

#### **POLAND**

**English Chartered** Accountant, bilingual English/Polish, seeks a senior finance/general management position, based in Warsaw. Background includes present position as Finance Director of a Polish bank.

Reply in confidence to Box A2037. Financial Times, One Southwark Bridge,

APPOINTMENTS' ADVERTISING

London, SE1 9HL.

appears in the UK edition every Wednesday & Thursday:

and in the International edition every Friday

For further: information: please call:

Gareth Jones on 071 873 3779

Andrew Skarzynski. OH 071 873 4054

Philip Wrigley on 071 873 3351

Joanne Gerrard on 071 873 4153

Brian O'Neill on 071 873 4027

Rachel Hicks on: 071 873 4798 the adequacy and effectiveness of the existing controls and report on results. Further involvement will include identifying and testing key controls of systems under review.

Lo maintain its position as one of A minimum of 18 months' internal audit experience is required for the Auditor positions, as well as the capability and flexibility to act either as a team leader or on attracting high-calibre people throughout team member, dependent on circumstance. You must possess good

communication interpersonal skills, a knowledge of systemsbased auditing, and be prepared to travel throughout the UK.

All positions offer comprehensive banking benefits and salaries commensurate with experience, plus appropriate. Please send or fax your

curriculum vitae, stating current salary, by Monday, 13 June 1994 to Peter Smith, Audit Manager, Group Internal Audit, The Royal Bank of Scotland plc, 42 St Andrew Square, Edinburgh EH2 2YE. Tel: 031-523 2551. Fax: 031-557 9293.

Committed to Equal Opportunities



WHERE PEOPLE MATTER

#### DIVISIONAL COMMERCIAL DIRECTOR

EDINBURGH/LONDON

SALARY RANGES

(i) £18,065 - £29,292

(ii) £11,260 - £21,108

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Philip Wrigley on

### Oslo deal on oil development in the Skagerakk

By Karen Fossil in Oslo

The dispute over oil drilling in the Norwegian sector of the environmentally sensitive Skagerakk reached new heights yesterday after the minority Labour government cut a deal to gain backing for the move from the opposition Conservative party which on Wednes-day had vowed to block the

In an about turn, the Conservative party decided to support Labour's proposal to open the Skagerakk for limited drilling, and eventually development, as a trade off for the govern-ment agreeing to undertake fresh environmental studies to assess the potential impact of

oil activity there.
As part of the deal, the government also agreed to re-examine its stand against lifting the so-called sliding scale. The measure allows the state to increase its shareholding in oil and gas fields once they have been declared commercial

Environmentalists, outraged by the Conservatives' move,

pollution board which say the highly sensitive.

# **Coffee bounces back**

By Deborah Hargreaves

The Coffee market returned to the offensive yesterday with London prices shooting up and traders predicted more gains as

supplies remain tight. Coffee prices recovered much of Wednesday's losses with the September futures contract at tbe London Commodity Exchange up \$44 a tonne to

\$2,030 a tonne. Traders said that much of the speculative and hedge fund selling which had pushed prices down on Wednesday was absent from the market

The government two years ago removed the sliding-scale for licenses offered in the 14th

ing round and onwards but the measure still exists for ecreage allotted prior to the 14th round which has been proved commercial and is in the queue for development.

Oil companies have repeat edly warned the government such discoveries would not be developed unless the sliding scale was dropped and the draconian petroleum tax regime adjusted to take into consideration prevailing low oil prices. The government proposed opening the Skagerakk for limited drilling in March as part of a plan to expand drilling acreage by up to 16 per cent to stem a steep decline in oil production expected after

The proposal has been met with wide-spread criticism from environmantalists, the fishing industry and the state

# as roasters return

and thet roasters were buying "We are not seeing much new coffee come on to the market, the speculators have taken their profits and prices look ready to move up again," one

trader commented. However, Mr Rubens Barbosa, Brazil's ambassador to Britain said yesterday that producers would be damaged if prices went up much more.

The cocoa market rose higher on the coat tails of coffee with the September futures contract increasing by £10 a tonne to £1,041 a tonne

### De Beers to double Akwatia output

By Paul Adams

De Beers is installing a new process et Ghana's Akwatie diamond mine which will soon donhle its output to 40,000 carats a month as the government prepares to divest from (GCD) next year.

The new process will treat and recover more diamonds improve their quality, reduce losses by increasing security and cut the operating costs, according to Mr J Ansalo-Mensah, GCD's managing director.

De Beers took over interim
management of Ghana's only large-scale diamond urine last October, after Inckel International withdrew from a proposed joint venture with the government and the US gem

marketing company Lazare-Kaplan in 1992. Under the new agreement, which has to be approved hy Ghana's parliament, GCD will be restructured by September 1995 as a new company in which De Beers and Lazare-Kaplan will each own 40 per ceut. The government of Ghana will retain 20 per cent of the assets, and De Beers Central

Selling Organisation will take over the marketing of the diamonds from Lazare-Kaplan. When De Beers took over the management last October it increased production from about 10,000 carats a month to 20,000 carats and from about

July ontput is expected to

reach 40,000 carats a month. De Beers is reducing the two plants at Akwatia to one and replacing the bore-milling and pan processes with a dense media separation plant which will feed a concentrate into an X-ray sorting machine. The equipment is exclusive to De Beers and is due to begin operating in June on lease to GCD until the new company is

# Why jute is made to feel a poor relation

Kunal Bose on the IJO's problem financing even modest development programmes

he US, one of the largest importers of jute goods, has announced that it is to give up membership of the 10-year-old International Jute Organisation by the end of June its departure will leave theLJO - set up to promote the second most important natural fibre after cotton - with five jute producing countries and

22 importers. The development takes place at a time when the IJO is planning to intensify efforts to recruit new members from among the "many important importing countries and producers who remain outside the organisation," in the words of Mr KM Rabbani, its executive director. He says that the "pro-posed US withdrawal from IJO is part of that country's policy to stay away from commodity related organisations."

Its decision, he believes, may not have got anything to do with the working of the organisation "which has managed to stay extremely lean." He says that the cost of running the Dhaka-based LJO is about \$1m a year." Undoubtedly, how-

ever, the US pull-out will make the task of enlarging the mem-bership of IJO difficult.

The IJO is primarily con-cerned with the identification of projects relating to "agricul-ture, industry and market promotion," arranging funds for them, and ensuring that the research results lead to the improvement of jute's competitiveness in relation to other packaging materials. But mobilisation of finance has proved

increasingly difficult.

Mr Rabbani says that four agricultural, four industrial and four market promotion projects are awaiting funding of a little over \$7m. Of the 12 projects, the LIO has strongly recommended three to the Common Fund for Commodities (CFC). They are the varietal improvement of inte and kenaf for increased productivity; development of jute based packaging and jute intermediates as substitutes for wood, plywood and other packaging materials; and market develop ment and promotion of inte goods in western Europe.

The estimated cost of the

three projects is a mere \$2.17m. The CFC is expected to be the main source of funding and the fact that cannot meet therequirements for these modest projects has now become a matter of serious concern to the IJO. The Members countries of the IJO Members seem unlikely to enlarge their project related financial assistance, but they may help the IJO in obtaining funds from multinational organisations.

The annual funding requirement for projects betwean \$3m and \$4m. says Mr Rabbani. In softe the financial constraint which IJO has lived with since it was established it has been able to implement a number of projects involving a total funding of nearly \$5.5m. The most important of them was the coliection, conservation and exchange of germplasm (part of the genetic material) for the development of improved varieties of jute, kenaf and allied fibres. A bank with 2,600 varieties of germplasm has been created at the Bangladesh Jute

Industries Research Associa. tion headquarters in Dhaka. Mr Rabbard expects that in the next three or four years, it should be possible to produce seeds through cross breeding which will lead to a significant improvement in the productivity of jute." He says that "the improvement in agricultural productivity at a low cost to the farmer" is vital in view of the "declining trend in the real price of jute."

The only way for the inte-producers to sustain their income is by getting higher yields, at a time when more and more land is being switched from jute to food crops. Jute is increasingly concentrated on marginal and less fertile land which has placed a premium on productivity. Two IJO projects relating to the strengthening jute and kenaf seeds (\$651,107) and the improved retting, or softening, and extraction of jute (\$895,000) now under implementation could help productivity.

Mr Rabbani says: "We will

be preparing a manual for the processing, grading and stor-

be persuaded to use the jute seeder machine developed by the LIO, it would lead to better germination of seeds. In the traditional system of broadcast of jute seeds, the wastage factor is high."

The quality of jute in all producing countries suffers because of unscientific retting and manual extraction of fibre from the plant. Retting of jute in clean water and extraction of fibre by mechanical means will automatically improve the

quality of the crop. Mr Rabbani is giving high priority to the retting project. Sofar the UO has so far assigned the projects to the jute research institutions of the member countries. It, however, thinks that there is scope for collaboration with "scientific institutions that have no direct connection with jute' but which have the capacity to undertake work on the development and promotion of the fibre which producers must feel at present is something of a poor relation in the world of

### Cargill biodiesel-from-rape project

Cargill, one of the world's largest privately-owned agriculture and commodities companies, is joining United Oil-seeds Marketing, a seeds co-operative, in a project to produce up to 100,000 tonnes of biodiesel a year from oilseed

Two years ago if you mentioned industrial crops you were a bit of a crank, but since then we've seen huge demand from farmers and industrial customers to get to grips with non-food crops," said Ms Ann Gutteridge, an ollseeds trader at Cargill. Farmers are able to grow

nou-food crops on land setaside as part of the European Union's reform of the Common Agricultural Policy without

giving up subsidies. French farmers have been growing oilseeds for the production of biofuels for the past three years, hut in the UK the industry has not got off the ground not least because of

scepticism by the government

over its viability. Cargill says it can use its own funding to show that biodiesel could be made viable in the UK, but it also wants to open a discussion with the government about opportunities for use of the fuel.

The company said that the project would involve "millions of pounds expenditure," but said it was too soon to put a final figure on it. The scheme could be in place

by next year's harvest, the

company says, if it can secure

commitment from farmers to

grow enough oilseeds and if it can find a market for the fuel. Cargill will then commission a hiodiesel conversion plant at either Hull or Liverpool. It plans to guarantee farmers up to 2120 a tonne for the oilseeds. Biodiesel is expected to be 10p more expensive to produce than conventional diesel but could be made competitive if the government was prepared

A recent report from the British Association for Bio Fuels and Oils called on the government to tax biodiesel at 10 per cent of the rate on fossil fuel. This would mean the Treasury giving up on revenues of £28m. It suggests the government could recover this

by adding 0.20p per litre tax on

to take a lower tax levy on the

#### Traditional suppliers seek EU sugar supply priority

CROSSWORD

No. 8,470 Set by VIXEN

By Canute James in Kingston

The European Union's traditional raw sugar suppliers have asked to be given first call on any new import quotas required and have started negotiations to emply about 260,000 tonnes per year of raw sugar which will be needed by

The price which the EU has suggested for additional sugar imported from the African, Caribbean and Pacific (ACP) group is based on a formula which adds four cents to the going world market price, which would currently be about nine cents less than the ACP gets for its guaranteed sales of 1.3m tonnes per year.

Officials of the Sugar Associ-

ation of the Caribbean, who reported on the talks with the EU, said that the expected expansion of the Union would creata to the prospect of "additional access for ACP sugar to the EU of possibly between 330,000 to 400,000 tonnes each year at preferential prices."

In particular, the group is targeting Portugal which has been receiving about 75,000 tonnes per year from four ACP states - Côte d'Ivoire, Malawi, Swaziland, Zambia.

Portugal needs 260,000 tonnes per year of raw sugar which it now gets from the world market, according to the Sugar Association, ACP members want to be given first call on any quotas issued for

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Kerb close		13-16-47
Open Int.	257,244	
Total daily turnover	44,741	
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Previous	1335-45	1335-40
High/low		1350/1345
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Open int.	3,389	
Total daily turnover	485	
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-0.75 158.25 155.75 6,789
-0.25 101.25 155.97 6,760
-0.25 163.00 161.50 4,438 M NATURAL GAS KYNEX (10,000 mmBtu.; \$4mmBtu.) | 1.925 + 0.025 | 1.930 | 1.970 | 2.9857 | 2.910 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.975 | 1.9 1.870 28,853 1.975 14,072 2.045 11,897 2.112 9.323

Law

GRAINS AND OIL SEEDS WHEAT LCE (£ per tonne)

WHEAT CBT (5,000bu min; cents/60to bushel) 331/0 +2/0 332/0 325/0121,775 45,775 336/6 +2/€ 338/0 323/0 42,895 0,760 348/2 +3/2 350/0 341/0 50,235 13,685 351/4 +3/0 392/0 343/4 7,085 575 327/0 +1/6 327/0 321/0 965 232,420 74,970 MAIZE CET (5,000 by min; cents/56th bushel) - 281/4 275/0568.605 191,040 +1/0 277/0 269/0176,045 20,320 +1/8 271/0 262/4453,450134,680 278/2 +2/4 278/6 269/2 50,735 4,960 BARLEY LCE (2 per tonne) Sep Kov Jasi Mar Mar Total -0.15 - 179 -0.20 98.80 98.50 255 -0.75 - 36 -0.10 - 10 6994 -1/0 701/0 682/0 282,270 100,275 700/0 +0-2 701/0 682/0 82,710 20,440 688/0 +3/0 689/0 663/0 46,670 5,000 977/4 +3/6 679/0 665/0 284,330 130,720 684/0 +6/0 684/0 660/4 24,635 2,415 687/4 +5/4 688/0 667/0 10,440 1,090 751,130 264,430 SOYABEAN OIL CST (60.000/bs; cents/b) 28.67 +0.02 25.70 25.29 25.897 8.908 28.67 +0.02 25.68 26.13 14.616 4.160 28.59 +0.08 25.50 27.95 10,729 1,094 27.97 +0.17 25.00 27.45 7.528 807 27.53 +0.16 27.55 26.90 29,474 4,783 Juli Aug Sep Oct Dec Jaa Total SOYABEAN MEAL COT (100 tons: Siton) Jul Aug Sup Oct Dec Jan Total 201.J 1.0 201.8 107.3 29.736 9.486 201.0 -1.0 201.5 107.1 16.261 3.321 200.5 -0.8 201.0 198.5 10.399 1.862 199.0 -0.4 199.0 194.5 5,661 566 198.3 198.5 198.5 17,170 3.369 198.5 +0.2 198.5 194.0 1,719 48 1,719 49 82,895 18,81T POTATOES LCE (Eftorne) SUGAR "11" CSCE (112,000lbs; cents/lbs) 260.0 90.0 105.0 129.3 140.0 107.5 Jem Hov Har Apr May Jes Total -1 1311 -10 1240 - 1245 -5 1310 +6 1337 +3 1302 1220 1242 1300 1337 762 960 369 221 83 86 1302 ■ ORANGE JUICE NYCE (15,000lbs; cente/lbs)

The official Australian market indicator closed this week at 828 cents a kg. 11 cents higher then a week before and at a new high for the season. The market cannot however be described as ourstandisgly buoyant. Finer Meri-noes were again in strong demand, and there were pince increases affecting other categories, but New Zealand was a cheaper market. An entails and uncertain market impression is not improved interesting the angle of seasons and interest interests. erratic and uncertain market impression is not unusual towards the end of a selling season, but it is making the task of passing on recent wool price rises to retailers a good deal more wholl price rises to retailers a good deal more difficult. For wool the rises in price has been enhanced by currency changes, with the Australian dollar strong against the U.S. dollar as well as against sterling. SOFTS COCOA LCE (E/tonne

1016 20,017 1,784 1037 17,481 2,855 1057 25,364 1,414 1077 26.984 COCOA CSCE (10 tonnes; S/tornes) III LIVE HOGS CME (40,000ths; cents/lbs) ·2 1409 1356 33,453 5,202 +1 1427 1387 20,442 4,476 +3 1453 1425 9,233 406 -5 1487 1454 8,829 1,346 Jest Jul Aug Oct 1372 1367 20,442 4,476 1425 9,233 406 1454 8,829 1,346 43.900 -0.100 43.960 43.675 COCOA (ICCO) (SDR's/tonne

COFFEE LCE (\$/lonne) 2075 12.016 1,764 2066 15,044 2,144 2045 6,631 570 2025 6,494 479 1398 2,446 100

COFFEE 'C' CSCE (37,500ths; cents/lbs) 87 81 41 126.25 +3.25 126.90 122.00 20.617 8,896 122.75 +3.15 124.00 118.00 15.526 4,061 121.15 +3.05 121.50 117.50 11.763 1,115 COPPER (Grade A) LIME 6,595 723 118.25 +2.30 118.00 118.50 117.00 +1.25 117.50 116.00 117.90 +1.25 117.00 118.00 107 84 65 COFFEE (ICO) (US cents/pound) COFFEE LCE ■ No7 PREMIUM RAW SUGAR LCE (cents/fbc) COCOA LCE 12.25 -0.16 12.26 12.37 -0.06 -11.82 - -11.96 -0.14 -- 1,036 BRENT CRUDE IPE WHITE SUGAR LCE (\$/tome) 

25,275 1,781

LONDON SPOT MARKETS M CRUDE OIL FOB (per berrel/Jul)

Brent Blend (dated) Brent Blend (Jul) W.T.I. (1pm est) OIL PRODUCTS ompt delivery CIF (tonne) \$187-188 Ges Of Heavy Fuel Of Naphtha Jet Fuel -1,0 ■ OTHER Gold (per troy oz) \$\frac{1}{4}\$ Silver (per troy oz) \$\frac{1}{4}\$ Platinum (per troy oz) Palledium (per troy oz) Copper (US prod.) Lead (US prod.) Tin (Guela Lumpur) Tin (New York) Zinc (US Prime W.) -1.00 -0.04 +0.50 +1.97° -6.53° -0.37°

100.08 -0.45 100.95 99.80 12.194 824 102.40 -1.20 403.90 102.40 5.040 286 194.00 -1.00 104.75 103.50 1,415 102 105.00 -0.50 107.50 106.75 1,002 14 108.90 -0.80 107.50 106.75 1,002 1 108.90 -0.80 107.50 106.75 1,002 1 108.90 -0.80 25 1 22,308 1,325

12.02 -0.17 12.25 11.92 42.868 10.216 12.08 -0.13 12.25 12.01 58.322 7.068 11.62 -0.12 11.98 11.77 24.715 2.250 11.79 -0.12 11.92 11.70 3.680 632 11.76 -0.12 11.88 11.53 1.884 33 11.67 -0.12 11.88 11.53 1.884 33

82.83 +1.18 82.95 81.55 18.764 4.481 78.40 +0.70 78.90 77.70 8.258 1.015 76.50 +0.52 78.65 78.97 24.388 3.276 77.45 +0.50 77.50 78.90 3.634 363 78.97 49.90 78.90 77.40 1.643 161 78.38 +0.38 78.25 77.90 345 78

■ RELITERS (Bose: 18/9/31=100) Jun 1 month ago 1974.3 1860.9 ■ CRB Futures (Base: 4/9/56=100)

MEAT AND LIVESTOCK ■ LIVE CATTLE CME (40.000ths; cents/to

Sett Day's Open Open price change High Law Int. Vol 64.800 +0.025 65.275 64.275 16,636 10,103 64.150 -0.100 64.750 68.700 24,844 9,961 67.350 +0.025 67.600 68.950 13,301 2,837 68,775 +0.025 68,75 88,236 88,667 1,765 68,625 +0.175 68,800 68,250 6,011 571 71,100 -0.150 71,250 70,650 2,812 432 71,100 -0.150 71,250 70,650 2,812 432 47,000 -0.300 47,050 48,405 6,795 3,605 48,750 -0,200 46,800 46,250 9,767 46,400 -0,226 46,450 44,975 6,420 42,975 +0,025 43,250 42,525 3,263

LONDON TRADED OPTIONS

Lon. day suger (raw Lon. day suger (wto Tate & Lyle export Barley (Eng. feed) Maize (US No3 Yellow) Wheat (US Dark North)

72.25p 72.50p 256.50n Coconst Of (Philips)
Palm Oil (Metay.)
S
Copra (Philips)
Soyabeams (US)
Cotton Outlook A Index
Wooltops (64s Super) \$615.02

4,999 2,955 384 35 60 12 48.950 +0.075 49.950 49.050

108.00c 35.00c 14.03m 255.50c Unq. 130.05p 128.12p 89.58p \$295.70 \$369.40 £307.00 \$140.0

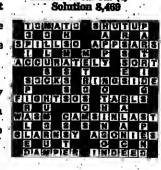
ACROSS
1 Note the fellow hanging about 7 Private hotel bearing the royal insignia (5) 8 Flashy rig – h changed (6) is a famous American (6)
4 Looking round the civic centre feeling famished (8)

9 Pasta or paper (b)

10 A yobbo must accept a wom
14 Dream in the face of separaan'e attacks (6,3) tion (10)
11 individual taken in by Greek 17 The eccentric sees anger as has-been (5) 12 Erect back (4) ardour (9) 18 Mix the company drinks before church (8) 13 Sure to be different after the coming speculations (10) 15 Get around some children – twin eleven-year-olds (7) 20 The boss enters only helf -

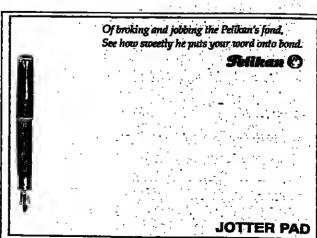
21 Made an unusual garland for the head (6) 16 Sol turned red when cut (6) 16 Schools transport (6) 22 Showing some craft about exercise the top man runs (5) 24 Reprobate having fare served up in the French way (5) 26 By no means all will get otherwise (7) 23 Nice detail (10) 23 Noce detail (III)
25 There are other ranks — a number, it's said (4)
27 Spanish article on the spirit shown in Scotland (5)
28 Foreign princess who made her mark? (9) 29 Ceremontal without measure

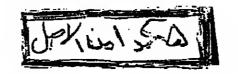
- just like a star (8) 30 Modest tea set out (6) 1 Equipment expected to blow upi (8)
2 One entrant's possibly put on
the spot (9)



chances to eat out (4)

be's learning! (7)





## LONDON STOCK EXCHANGE

# Telatio MARKET REPORT Footsie records strongest daily gain this year

By Terry Byland, UK Stock Market Editor

The London stock market took the opportunity of yesterday's holiday closure in Frankfurt to mount a determined rally after its prolonged run of weak trading sessions. The FT-SE 100 Index recorded its best daily gain for the year as a strong recovery in UK government bonds, together with a better performance from stock index futures, signalled growing suspicion among fund managers that the near 5 per cent fall in share prices over the past two weeks may have been

Buyers appeared as soon as the market opened and the pace quickened in the second half of the session when gams in UK gilts were extended to nearly 2% points as US

Federal bonds opened higher and the German bund, trading on the London International Financial Futures Exchange (Liffe), reversed

early losses to forge ahead, The final reading showed the FT-SE 100-share Index at 2,980.8, the gain of 48.9 representing a recovery of all, and more, of the loss on the previous day; it was the highest daily advance since December 29 last year when the Footsie jumped by 49.7 points.

As so often in current market conditions, much of the lead came from stock index futures, where the June contract narrowed its discount to the cash market and recorded heavy trading volume.

With the focus on the futuresrelated blue chip stocks, the broader market had s less dramatic session. The FT-SE Mid 250 Index

Account	Desiling	Dates
"Firet Dealings: May 16	Jun 6	Jun 20
Option Declarations: Jun 2	Jun 18	Jun 30
Lest Declinger Jun 3	Jun 17	Jul 1
Account Days Jun 13	Jun 27	Jtd 11
"New time dealings business days series.	may take	place from the

was finally a net 18.6 up at 3,556.3. Bargain hunters appeared as soon as the market opened, following morning meetings at most market firms at which buying recommenda-tions had predominated. Share gains were extended when the June stock index future opened at s smaller discount to the underlying Footsie index than had been seen for some days. This, in turn, pushed market firms to buy the underlying

However, the advance was fairly restrained at first and it was only when the UK gilts market turned sharply ahead that the gain on the Footsle moved above the 20-point mark. There was little response to a modest fall in Britain's longer leading economic indicator, nor to

any surprises for the market. It was left to the bond sector to give the final boost to a stock market which turned strongly ahead in the final hour of trading to close at the best level of the day.

datails of UK gold and currency

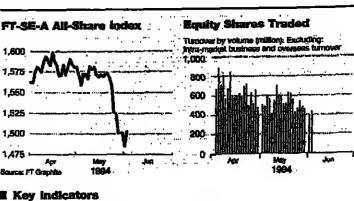
reserves, neither of which contained

Seaq volume of 613.9m shares compared with 580.7m on Wednes day but was unexceptional; retail business was worth £1.12bn on the previous day, also a modest total in spite of the sharp fall in the stock

Traders admitted to being caught out by the strength behind what was generally categorised as a technical rally. The near term outlook still depends on trends in the German bond market when it reopens this morning and in the US markets' response to the payroll and unemployment data, due today.

One factor behind the recent weakness in the Footsie has been the absence of support levels on the equity charts. For similar reasons. any recovery in the market could run as far as Footsie 3,050 before being seriously challenged.

Wall Street was showing a gain of only 1.23 on the Dow Average as London closed for the day and some UK traders expressed concern over weakness in some Far Eastern mar-



## ■ Key Indicators

Telecommunications .....

FT-SE

WEA E	40.0
YORA E	
	+43.3
19,28	[19.04]
2968.0	+60.0
8.66	(8.94)
2.23	(2.29)
	968.0 8.66

### Worst performing sectors Best performing sectors tive Industr

### Other Financials Engineering, Vehicles Oil Exploration & Prod. +2.2

## **Analysts** upgrade **Boots**

expectations lifted Boots, the high street retailer, and suppliers so prompted a series of profits upgrades from stockbroker analysts. The results also brought e measure of relief to the stores sector after disappointing remarks from Kingfisher at its annual meeting on

Profits of £484.4m, up 19 per

Stock index futures bounced

from recent lows to move.

sharply ahead, encouraging

However, the June Footste

Open '

Calls 8,950 Pale 5,795.

a recovery in the cash market.

3550.0 3565.0 3666.5 3670.0

# FT-SE 100 INDEX FUTURES (LIFFE) \$25 per full index point

Sett price Change

# FT-SE MID 250 INDEX FUTURES (LIFFE) 210 per full index point

# FT-SE MID 260 INDEX FUTURES (OMLX) 210 per full index point

FT-SE 100 BNDEX OPTION (LIFTE) (\*2975) £10 per full index point

EURO STYLE FT-SE 100 INDEX OPTION (LFTS) E10 per fill index point

EURO STYLE FT-SE MID 250 INDEX OPTION (OML) C10 per ful index point

3756.09

1208.41

1980,59 1978.85

1723.30

1678.78

3515.03

1192.06

2170.55

1725.48

1540.96

3550 3600 3650 3706 3750. 58 45 36 72 20½ 106 10½ 146

FT - SE Actuaries Share Indices

FT-SE SmelCap ex key Trusts FT-SE-A ALL-BHARE.

10 MINERAL EXTRACTION(18)

20 GEN MANUFACTURERS(283) 21 Building & Construction(51)

25 Bestronic & Sect Equip(34)

29 Tembes & Apparel(20)

34 Housebold Goods(13)

36 Health Cara(20) : 37 Pharmaceuticate(11) : 38 Tobacco(1)

41 Distributors(31) 42 Leisure & Hotels(23)

30 CONSUMER GOODSIDE

31 Brewetten(17) 32 Spirits, Wines & Cidera(10) 33 Food Manufacturers(23)

49 Transport[15] 51 Otter Services & Business(10)

90 UTILITIES(36)

69 NON-FINANCIALS(032)

Dectricity(17) Gas Distribution 68 Vonter(15)

70 FENANCIALENOS Benku(10) insurance(17)

74 Life Assurance(6) 75 Marchart Bankstill

AO INVESTMENT TRUSTS(122)

89 FT-SE-A ALL-SHAPERSO

15 Oil, Integrated(3) 18 Oil Exploration & Prod(11)

# FT-SE Actuaries All-Share

3550.0

Jun 3550.0 All coan interest figures are for provious day, † Exact volume shown,

cent from last year, came against forecasts of £455m to £470m. Boots took an expected £68.5m in exceptional charges for its Manoplax drug and Do It All home improvement business. But strong cashflow transformed a £203.8m net debt position to a £69m cash balance at the year-end.

Forecasts for 1994-95 were upgraded by around 5 per cent to the £550m mark. The shares jumped 22 to 527p on turnover of 3.2m. Kingfisher weakened 7

NatWest firm

**EQUITY FUTURES AND OPTIONS TRADING** 

High '

2778 2825 2676 2828 2876 3025 5075 3125
181\(^1\_2\) 51\(^1\_2\) 181

Banking group National Westminster rose 20 to 444p

futures contract remained at

session, writes Terry Byland.

The discount against the

cash market recorded by the

Est, vol Open int.

17514

Chge% Jun 1 May 31 May 27 ago

+1.7 2831.8 2870.6 2966.4 2852.8 +0.5 3637.7 3564.3 3572.3 3183.6 +0.5 3544.0 3571.8 3562.1 3202.8

1509.9 +1.4 1489.1 1508.7 1508.9 1423.2 3.98 1672.84 ...... 1872.16 1877.54 1883.92 1628.40 2.98 1652.35 +0.1 1851.50 1856.39 1862.24 1638.28 3.14 1503.88 +1.3 1484.63 1501.22 1530.86 1498.32 3.91

Day's Year Div. Earn cbge% Jun 1 May 31 May 27 ago yield% yield%

3.54

4.30 5.84 4.33 3.55 3.29

4.48

+1.8 2138.04 2175.18 2180.64 2114.80 4.73 8.81 14.15 14.53 815.84 40.8 2059.37 2059.54 2114.33 1736.70 4.12 11.92 10.24 15.95 836.95 41.3 1732.52 1767.95 1800.30 1907.50 6.83 ± 534.43 802.01 42.2 1884.68 1929.33 1921.72 1960.90 4.28 8.06 15.06 0.09 907.39 4.22 1688.65 1620.02 1678.17 1678.60 5.44 14.97 7.81 3.48 830.20

-0.3 1795.75 1800.84 1816.17 1415.70 3.78 8.72 17.87 20.18 940.30 +0.9 1527.67 1540.19 1546.52 1378.20 4.00 4.08 30.34 10.39 886.14

15.00 18.15

1627.71 +1.2 1607.76 1626.65 1626.90 1531.62 3.91 6.20 19.28 19.25 1132.23

2(02.04 +1.8 2004.82 2084.35 2079.88 1073.80 4.29 8.44 13.80 41.84 622.11 2089.90 +1.6 2049.51 2077.16 2007.76 2433.40 4.03 6.62 13.49 59.07 796.62 1229.77 +3.8 1185.20 1195.64 1181.61 12293.30 5.25 11.73 9.63 27.84 831.01 2283.39 +2.8 2180.81 2180.82 2180.83 25.55 5.15 15.10 65.38 849.75 2797.81 +0.4 2787.03 2788.98 2804.59 2674.00 3.54 11.44 10.14 23.26 827.82

2734.54 +0.4 2724.81 2737.51 2734.94 2289.90 2.24 1.89 63.64 25.54 912.64

1503.89 +1.3 1484.63 1501.22 1500.88 1409.32 3.91 8.47 18.55 19.48 1185.34

2943.0 2849.9 2955.8 2961.7 2958.0 2968.0 2968.6 2962.2 2975.4 2860.6 2942.2 2539.5 3543.4 3640.9 3547.8 3546.1 3550.7 3590.5 3860.0 3556.1 3656.3 3638.6 1483.6 1486.6 1486.6 1601.8 1500.0 1503.6 1503.8 1502.0 1507.7 1509.8 1483.2

+0.3 2690,28 2608.18 2604.28 2198.10 3.58 -0.5 3774.24 5792.29 3785,15 9081.10 3.53

+1.1 2420.10 2437.43 2435.85 2184.40 2.78 4.09 1962.73 1980.14 1994.64 1853.90 4.60 4.85 1894.67 1826.51 1526.60 2.97 4.05 1814.67 1830.67 1826.51 1526.60 2.97 4.3 2241.22 2239.99 2217.78 1788.10 4.69 4.3 2720.86 2733.50 2710.25 2340.00 3.02 4.02 1719.97 1736.57 1728.71 1812.20 4.07

-0.1 1903,06 1921,10 1928,91 1947,40

+0.9 1956.98 1879.72 1978.53 1781.60 +0.2 1205.95 1221.84 1221.09 1071.10

+1.8 1671.75 1901.18 1900.62 1695.90

+1.8 2155.00 2160.89 2158.29 1939.70

+0.3 2465.54 2474.63 2471.98 2510.00

+1.5 2641.70 2670.16 2669.19 3032.10 4.77 +4.2 3372.41 3431.14 3438.53 3705.18 6.00

+0.7 1665.1S 1660.60 1666.09 1661.90

+1.5 2917.60 2830.95 2946.30 2349.70 +1.5 1538.09 1548.55 1564.74 1978.20 +1.5 1621.51 1654.20 1669.20 1485.50 +1.6 1577.76 1588.41 1585.25 1504.50 +1.5 2275.96 2298.59 2264.48 2095.70

+0.1 1190,89 1194,71 1197,25 1223,80

2613.20 +1.5 2574.14 2604.24 2606.31 2676.60

1931.09 +1.8 1901.50 1923.09 1924.44 1795.00 2616.65 +0.7 2796.34 2627.96 2634.69 2616.20 2087.00 +1.7 2061.11 2073.38 2078.93 1787.10

a discount throughout the

Low

and saw trade of a hefty 9.8m shares, making it one of the day's most active stocks, after UBS turned buyer of ths shares and upgraded profits and dividend expectations. Mr John Aitken, st UBS, who

previously had the stock

marked as a hold, lifted his current-year profits expecta-tions by £150m to £1.55bn, and by £100m to £1.9bn for the following year. The broker also raised its

dividend forecast for the current year by 17 per cent to 21.5p. Hints from Granada at its

results meeting on Wednesday that it would be interested in bidding for Yorkshire-Tyne

June futures contract was

much reduced from the 30

points seen on Wednesday

and trading volume remained

Traders commented that

selling had been overdone this

week and that investors were

Some further selling from

US sources was seen at the

opening but, in the absence

London futures soon railled.

For most of the session the

discount on the June future

was cut to around 11 points

on the contract was reached

throughout the day and the

final official quotation of 2,968

on the contract was 80 points

higher than its previous close

reduced to 10 points against

However, in traded options,

to 30,170 yesterday, and the

Footsie option recorded only

18.04 19.87 1149.87 29.22 19.16 1437.32 26.84 19.55 1424.82

P/E Xd adj. Totel ratio yid Return

4.50 27.89 37.88 1096.10 5.38 23.31 48.39 1025.01

1.90 80.00† 15.82 1090.22

4.50 27.60 24.87 990.82 4.00 81.80 15.18 937.35

3.89 32.58 28.79 887.68 3.90 32.62 28.39 1068.55 4.64 28.78 30.45 985.58 6.65 18.85 12.90 948.39

7.84 14.84 44.49 886.18 7.69 15.96 13.83 963.65

7.69 14.84 44.49 806.18 7.69 15.96 13.83 963.65 6.51 17.52 41.70 961.89 8.17 14.20 42.75 916.39 7.44 16.16 40.74 880.78 5.76 20.63 19.00 962.33

5.97 20.10 18.40 934.69 5.98 19.84 34.05 965.06 4.58 26.39 19.42 1015.52 4.98 23.46 34.85 1021.01

2.29 80.00+ 5.91 1008.82

2613.6 1685.7

30.46 20.11 1030.60 59.87 32.42 1068.33 22.61 28.45 1071.66 22.15 28.05 968.19

14,06 47.15 839.82 11.78 102.35 782.73

12.74 13.72 915.00 19.57 11.14 888.13 20.27 9.98 961.84 24.56 15.14 890.93

7.81 3.48 830.20

stock options, British Gas (1.819) headed the list.

cash. Tumover at the close was just above 17,500 lots.

and showed a discount

oluma dipped from

Buyers continued to appear

and the day's low of 2,923

very early.

of the Frankfurt markets,

in the mood to test the market.

Tees, should the government which reported a 19.7 per cent relax the current industry increase in full-year profits to takeover rules, had a predict-£217.2, remained in the dolable effect on the latter's drums for most of the session shares, which shot forward 24 but managed to close 2 ahead to 300p. Worries over funding at 548p after trade of 2.8m. Sevfor such an expansionary strat-egy hemmed in Granada, eral brokers upgraded profits expectations for the current which paid 2760m for LWT ear year, including NatWest Seculier this year, to a penny rise rities, which now expects profits to be £5m higher at £257.5m. However, Mr Sandy Morris at

NatWest said: "The shares will

be a good recovery play pro-

vided the company cen improve on the margins."

Profit-taking at submarine

builder VSKL, which reported

figures in line with market

expectations, saw the shares

tumble 50 to 928p. Hoare

Govett also weighed in with e

profits downgrade, trimming

its current-year estimate by

The news that shipping and

engineering group Vosper Thornycroft had failed in its

joint bid for a five-year con-

tract to supply minehunters to

the Australian navy sent the

shares into retreat and they

Fears that the UK may be

forced to change over to conti-

nental slectrical plugs and

sockets hurt electricals group

Delta. The shares relinquished

pany stocks were a weak fea-

ture as some pronounced sell-

ing defied the usual trend of

following the gilts market,

However, the strong market

wss proving irrssistible

towards the close and a sector-

wida rally saw the shares come

which yesterday was higher.

The regional electricty com-

closed 24 down at 740o.

£2m to £65m.

17 to 517p.

-16 -8 +3

43 2

Slow advertising volumes at Scottish TV were reported at the group's agm and the shares slid 15 to 899p. A stock overhang continued

at 5020.

to depress British Aerospace, which declined 7 to 448p. Sentiment was further damaged by worries over leasing contracts. Engineering group Siebe,

### **LOWS FOR 1994** NEW HIGHS (21).

EXPLORATION & PROD (4) PRING, PAPER &

Sentender, BREWERNES (1) Greenalis, BUILDING & GNETRN (5) SLDG MATLS &

Prt. Phino, Smith (W. H.) 'B', SUPPORT' SERVS

tor leaders, Eastern retreated 10 to 575p, Loudon 8 to 544p and Southern 6 to 559p. Wster stocks, on the other hand, were underpinned by continuing hopes that the "K the industry regulator allows

factor" - the amount by which

Airlinsr British Airways

Vague bid talk returned to Royal Insurance and the shares gained 17 to 259p. The stock is favoured by BZW which issued a nots earlier this week saying the shares were

Buying said to have started 17 higher st 419p.

neering group Glynwed International's annual meeting saw the shares improve 7 to 355p. UK airports operator BAA was said to have been recom-

mended by James Capel. The shares put on 25 to 933p. News that the latest survey from the Halifax building society will show house prices again in decline contributed to weakness in several house

building stocks. McAlpine dropped 18 to 241p after announcing s return to profitability, but accompany. ing it with a £25m two-for-nine rights issue. Contracting margins were also said to be under prsssure. Elsewhere, John Laing weakened 9 to 298p and Bellway slipped a penny to

A huge jump in profits at Kalamazoo, the computer services group, saw the shares gain 6 to 135p.

However, e fall in profits at Control Techniques sent the shares retreating 45 to 442p. There were positive market debuts from publisher Cassell, placed at 143p and ending the session 8 ahead at 151p, and

tableware manufacturer Denby

Group, which came to the mar-

ket at 130p and closed 7 better Relief that MEPC maintained the interim dividend, together with s positive trading statement, helped the shares firm 5

**MARKET REPORTERS:** Christopher Price, Joel Kibazo,

upply priorin **開発性を持ちた** EU Sala WARMING. Create ... Stigar to :: tennes - " tuni provi to nart. INTER-CALL

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# Fr .. a. F8-17-1 # Paris .

Stee . 1244 -10 VIII - 1 34 Horanton

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# FT-SE Actuaries 350 Industry baskets

Time of FT-SE 100 High 18-28 Low 9.37

Open 9.00 19.00 11.00 12.00 13.00 
 1136.2
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Ogen 9.00

Actioned internation on the FT-SE Actuates Share indices is published in Saturday issues. Lists of constituents are available from The Phrenchia Times Lumbad, One Solutivinat Epidge, London SE 1 964. The FT-SE Actuation Share Indices Service, which covers a range of electronic and proper-based products reviewed to those before, and the FT-SE Actuation in the service actions.

The FT-SCI 7 has been entirely the SES A Non-Phrenchia Indias. The FT-SE 100, the FT-SE Not 250, FT-SE Actuation 300 and the FT-SE Actuation Indias. The FT-SE 100 are septiated by the International Stock Exchange of the United Ringdom and Regulation of Indianal and the FT-SE Actuation Additional Indias Carpaid by The Phrenchia Times Limited, both to contraction with the Institute of Actuation and the FT-SE Actuation under a standard set of ground ratios.

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The Wild Company. † Sector PIE calcal greater than 80 are not effect of the Contraction.

## TRADING VOLUME ■ Major Stocks Yesterday

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5.800 401
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Wednesday's 36,389 contracts Fig Finens Foreign & Col. LT. Forter Gen. Accident 13,076, against 18,189. Among The UK Series 8.93 17.24 40.79 1165... 5.73 21.28 40.66 1306.40 6.17 19.85 41.40 1304.70

3.100 2.2007 3.000 2,100 1,200

Chin & Bee 425 21 - - 18 - - (\*431 ) 450 9½ - - 34 - - 35 Contracts 500 23% 38 47% 17 27 33% (\*515 ) 550 5% 17 25% 55% 58% 63% Comm Union 500 46 51% 60 6 15 19% (\*534 ) 550 14 22% 32% 25 33% 43 (\*707 ) Stocebouse

Blue Circle 250 131/5 281/5 33 34/5 15 19 (\*259 ) 360 4 18 24 14½ 26 60 Bullish Eas 250 7 17½ 20 4½ 12½ 19 (\*262 ) 260 2½ 31½ 11 19 23½ 20 14 11½ 15½ (\*187 ) 200 2½ 8 16 15 25 27½ 220 8% 15 21 5 14% 17% 240 1% 7% 12% 20 28 30% 550 15% 45 57 13 37% 40 800 2 23% 37 32% 89 77% Jof Gct Jen Joi Gct Jan 715 3779 4
378 377 527 837 777
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(540) 550 25 38 4814 2814 54 61
(540) 750 2214 4414 81 68 68 18
(479) 488 2014
(670) 488 2014 Rest How Feb Aug New Feb Rolls-Royce 160 24% 29 32 3% 6 18% (\*178 ) 180 11 17% 21% 11% 17 19% \* Underlying security price. Premiume ahown are breed on closing offer prices. June 2, Total congretix: 29,979 Calls: 14,568 Puls: 15,411

(\*31 ) Barrieres

Jul Oct Jan Jul Oct Jan

Jan Sep Dec Jun Sep Dec

1 390 22 34½ 43½ 3½ 14½ 18 420 4 19 27% 17 30% 34½ 30 2½ 8 8 1½ 3½ 4½ 35 1 3 4 5 8 7½

FT GOLD MINES INDEX Jun % chy May May Year 1 on day 31 30 ago Cold Mines Index (35) 1837.09 -0.9 1954.45 1836.44 1776.32 2.04 ■ Project indices 2631.66 +0.4 2619.82 2616.96 2627.54 4.61 3440.80 1902.23 2675.26 +1.8 2626.88 2617.82 2174.67 195 2013.89 1893.18 1627.76 -2.3 1686.42 1641.37 1501.62 0.69 2039.65 1383.00 Africa (16) Australesia (6) Horth America (11)

## **NEW HIGHS AND**

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Groupe Cheg Gerard, St James Beech Hotel, LIPE ASSURANCE (2) Landon & Manchester Refuge, Transpliantic, MEDIA (5) Mirror Group, News Intl. Special Div., Reed Intl, Scottish TV, Nows Int. Special Dw., Rend Int., Scotish TV, Steepy Kids, MERCHANT BANKS (1) Joseph ( Oil. EUPLORATION & PROD (2) Prancriotif, Sessici Res, Oil., INTEGRATED (1) Excen. OTHER FRANCIAL (8) OTHER SERVS & SUSSIS (1) Rodins, PHARSAGELITICALS (2) Chinoscience, Zeneca, PROPERTY (8) RETAILERS, POOD (2) Daily Farm, Tesco Spe CV Rd 2005, RETAILERS, GENERAL (10) chmark, Courts, DFS Furniture, Decore Pri.

water companies to raise prices over and above inflation - will be higher than analysts' forecast. Yorkshire, boosted by good results, advance 17 to 512p. South West 13 to 516p and Anglian 11 to 486p.

The strong performances seen in Bass in recent sessions continued, with the shares adding 15 et 534p. News that a Saudi Arabian

prince is to take a stake of up to 25 per cent in Euro Disney sent the shares sharply foward. closing 15 ahead at 365p. Rank Organisation surged 20 to 3790 with house broker SG Warburg said to be recommending the shares. Profit-takers took the shine from Stakis results, the shares slipping 2 to 85%p.

hardened 6 to 380p, on turn-over of 4.5m, ahead of today's nassenger traffic figures for the month of May, Figures for April disappointed the market leading to s slide in the shares. One analyst said yesterday: "I shall consider anything above s 7 per cent increase to be really good."

'undervalued."

in the US encouraged support in London for tobacco and financial services group BAT Industries. The shares closed

An upbeat statement at enoi-

Cother statistics, Page 21

## LONDON EQUITIES

LIFE	E EQUITY OF	TIONS		RISES AND FALLS YESTERDAY	Flixos	Fees	Same
Option	Jul Oct Jan Jul O		ng Riov Pelo Aug Nov Feb	Other Fixed Interest	61 0	3	8 15
Alled Lydes	540 48% 51% - 7% 17	- Hanson 240 1	7 21 24 5% 10% 14	Mineral Extraction	54	75	72
583	589 18 25% - 32 42		7 12 15 16 21 2416	Construct Conde	141	130	393
revi	220 15 22% 28% 8 13		8 22% - 7% 10 -	Consumer Goods	42)	36	107
232 )	240 8 13 17 22% 2		8 11% - 17 20 -	Services	103	83	326
SDA			14 25% 25% 3% 3% 8% 114	Utilities	22	14	10
52)			8 15% 18% 12% 19 22%	Financials	112	92	172
J. 1	00 1 3 777 372 1	,	0 1371 1071 1272 13 2271	Investment Trusts	90	107	273
att Ainways	360 28 35% 41 10% 17	P&O 600 5	4 67% 74 13 29% 35	Others	49_	49	35
379 )	390 10% 21% 28% 27% 3		14 41 49 35 57 6214	Totals	680	589	1411
Baha A	360 38% 43 49 7% 1		% 20% 23 10% 14% 18	Date based on those companies listed on the London Share Sen			1417
300ts "525 )	500 2014 4114 50 12 1 550 7 18 27 4214 4	54% (*284 ) 360 60	14 25 3014 1014 18 1814 14 1514 2114 2119 29 3014 13 7214 88 18 37 43	TRADITIONAL OPTIONS			
SP .	360 34 42 48% 8% 12		0 47% 62 44 63 67%	INVESTIGIOUS OF TORS			
( 384	380 14% 25% 32% 18% 2			College de la company de la lata de la company de la compa			
Atten Steel	130 1255 17 20 455		0 35 47 22 35 41	Cells: Asde, Acom Comp., Arcon Intl., BT p/p, Buigin	A, C300	E LINIG, De	res Esti
138)	140 7 12 15 9 12		% 35 40% 5% 13 14%	Davi. Secs., Enterprise Oil, Iceland Grp., Jurys Hotel	Minmer	, NSM, O	OCO Par
tage	500 40% 52% 61 8 16		2416 3035 14 2235 2435	Regent Corp., Rhino Grp., Tullow Oil, Tuekar Res., Wo	id Fluids	L Puts: And	a, icelan
533 )		EEU.		Grp., Jurys Hotel, Hanson Wis., NSM, Ovoca Rea., To	llow Oil,	World Flu	ida. Put
,		- IGNU 200 10	% 24% 26 6% 11 12	Call: Tadpole Tech,			
Side & Mice	425 21 18		4 13% 18 16% 22 23	LONDON RECENT ISSUES: EQUITIE			
431 )	450 91/2 34		7 65% 63 17 27% 35	FOURTH LECTURE 1990ES: EGOLLIE	2		
ourtautis			3 3114 3014 4614 5514 63	lesue Arnt Mkt. Cio	38		
515)	550 5% 17 25% 52% 58	PAIL WINDING 354 TR		price paid cap 1984 pri	8	Net Div.	Grs P/
comm tholon		19% (*355 ) 384 69	4 1314 - 3314 4014 -	p up (Cm.) High Low Stock		div. cov.	
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LON	DO	N RE	CE	NT I	SSUES: EQU	ITIES					
lesue price p	Amt	Mict. Cap (Cm.)	19	84	Stock	Close price p	+	Net		Grs yld	F
100	_		108		Automotive Preca	108	_			_	_
100	F.P.	241.0			CAMAS	79	+2	UN4.0		4.8	3
	FP.				CLS	108	13	uN3.75	8.7	5.9	3
_	FP.				Capitol	139		1450.0			_
§143		11.1		149	Capaci	151	-1	LN3.3	1,8		2
1250		170.2			DCC			W3.9		3.2	1
116		41.0			DRS Data & Res	228	-3	LQ34%	3.0	3.0	1
130		45.8		170	Denby	115	+1	LN2.8	1.1	3.0	2
130	F.P.	77.3	93			137		W3.1	28	28	1
Ξ	F.P.	7.90			Pleming Indian Do Warrants	92		-	-	-	
160		58.3			GRT Bus	47					
120						163		FIN3.8	3.3		1
	F.P.	40.4	37/2		Go-Ahead	121		<b>MN</b> 4.0	1.6	41	1
	F.P.				Govett Gbi Si Wt	36	_				
185	F.P.	42.0	196		Hamleys	184	-1	W4.7	2.2	3.2	1
105	F.P.	53.0	105		Healthcall	60		WN4.0		5.2	1
225	F.P.	105.9			Intermediate	227		LN9.9	2,1	5.5	-
-	F.P.	-			int Blotech	93		-	_	-	
-	F.P.	-	50		Do. Warrants	46		-	-	-	
-	F.P.		75		JF FI Jepan Wrts	68		-	-	-	
- 5	F.P.	4.20		54	Kaya Food	54		-	-	-	
130	F.P.	68.1	138		Keller	118		WNQ4,7	23		13
160		57.4	163	159	Lombard Inc.	161	-1	WN7.7	22	6.0	
	F.P.	33.3	15		My Kinda Town	134	_		-	-	
105		47.3	113	105	Nightheight.	105	-2	R3.38	20	4.0	13
120		34.4	129		Norcor	128		W4.56	2.5	4,5	11
-	F.P.	271.9	131		Redrow	123		WN2.7	2.5	2.7	11
-	F.P.	29.2	133		Speciality Shops	132		124	-	23	
	F.P.	58.8	100	90	TH Euro Gwth C	98		-	-	-	
100	F.P.	56.4	100	85,5	TR Prop Inv C	9212		-	-	_	
	F.P.	43.4	9512	91	Templeton Let Am	94	-1	-	_	-	
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150	F.P.	41.7	162	154	Withkins	192	+3	1444	22	34	14

DUCS PRETIS	Amount paid	Renun.	19	184		Closing price	+Or-
Р	up_	date	High	Low	Stock	P.	
105	NI	8/7	20pm	18pm	Slapden Inda	20pm	
237	NB.	10/6	28pm	8cm	Clyde Blowers	8pm	-1
120	N	6/7	26pm	17pm	Dewson Inti	17 <sup>1</sup> 20m	442
113 <sup>1</sup> 2	Nil	28/6	3pm	1 <sup>3</sup> upm	Eaglet.	1 <sup>1</sup> 2pm	
265	N	-	44pm	38pm	Euroturnet	43pm	
185	NE	11/7	25pm	18pm	Headlern	18pm	-2
230	N	_	34pm	31pm	Jarvis Porter	31pm	_
80	NII.	4/7	11pm	8pm	Pelican	8pm	
24	N		12pm	10pm	Line	12pm	
125	NS	47	23pm	20pm	VTR	20pm	

FINANCIAL	. TIME	S EQ	UITY	INDIC	ES			
	June 2	June 1	May 31	May 27	May 26	Yr ago	High	Low
Ordinary Share	2364,5	2321,2	2354,4	2347.1	2392.6	2225.4	2713.5	2321.2
Ord. Citv. yleid	4.25	4.32	4.27	4.29	4.22	4,14	4.32	9.43
Earn. yld. % full	5.61	5.78	A 64	5.67	5.57	5.27	5.76	3.62
P/E ratio net	19.14	18.50	19.02	18.95	19.26	23.95	33.43	18.50
P/E ratio nii	19.71	19.22			18.84	22.34	30.80	19.18
'For 1994. Ordinary FT Ordinary Share I	Share ind ndex bess	datu 1/7/	ompletton 15.	: high 271	3.5 2(12/9	t; low 49.4	26/6/40	- 2110

ordinary Share h	ourly	changes							
Open 9,00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2332.3 2338.4 2	344,3	2348.3	2348.3	2355.6	2355.0	2352,3	2360.0	2364.6	2332.3
		June 2	<u>Jun</u>	e 1	May 31	May :	27 M	ly 26	Yr ago
EAD bergains		26,144	22	,553	26,821	26.0	48 2	6.657	29.263
cutty turnover (2)	π)†	-		16.3	1055.2	1080		316.8	1910.7
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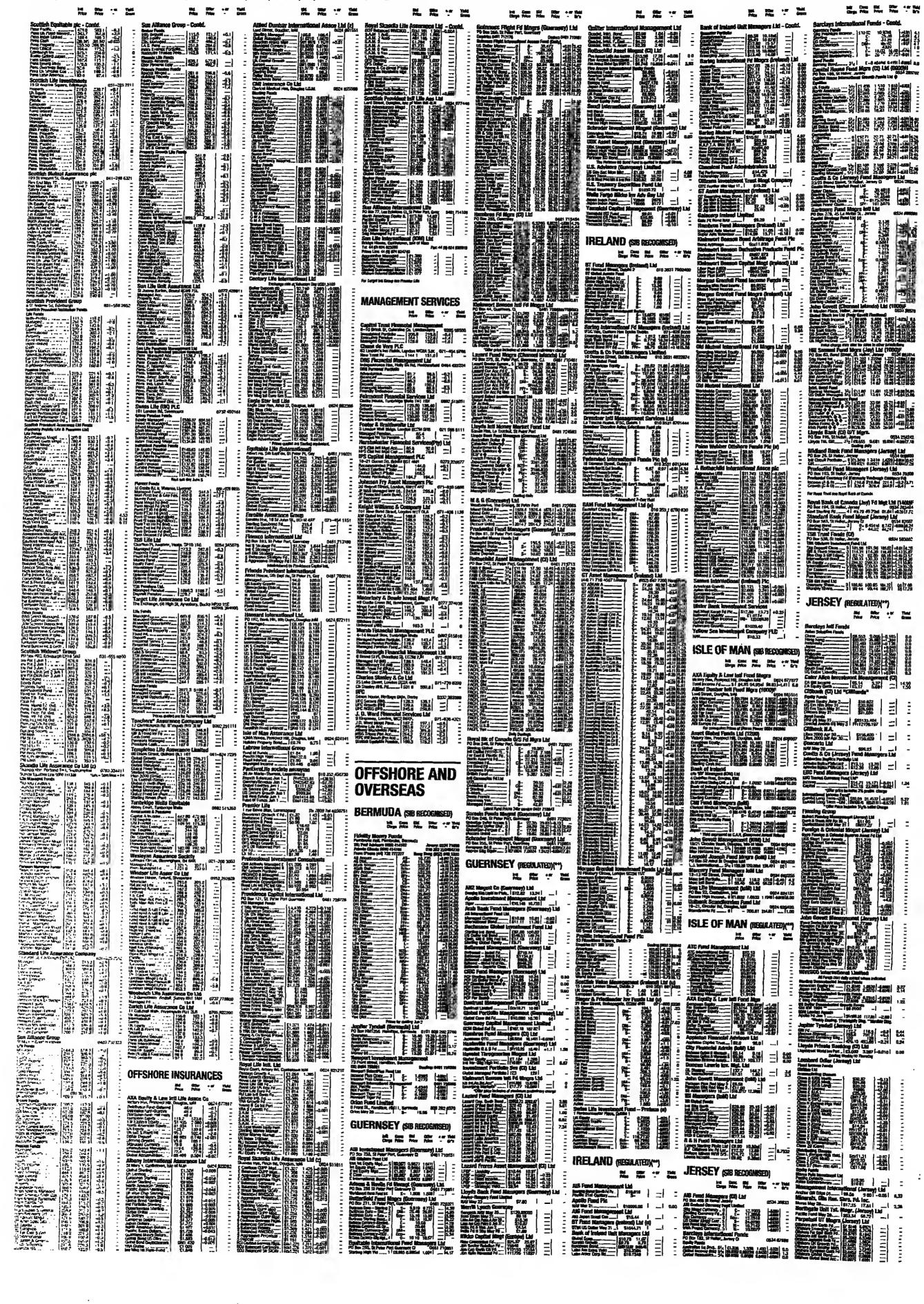
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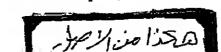
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JERSEY TOMES

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**Money Market** 

Trust Funds

MONEY MARKET FUNDS

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## **CURRENCIES AND MONEY**

**MARKETS REPORT** 

## Firmer tone to dollar

The dollar finished firmer yesterday ahead of the release today of important US labour market data, writes Philip Courith.

The US currency tested the upper limits of its recent trading range to close in London nearly a pfennig higher against the D-Mark, at DM1.6515 from DM1.6428. It was also firmer against the yen, closing at Y104.930 from Y104.650.

Trading, however, was fairly thin with many large investors out of the market attending the Forex 94 conference which is underway in London. Analysts said it was unlikely the firmer tone represented the beginning of a new trend for

the dollar. The interest rate futures markets were again very active. Short sterling contracts regained some of the ground they lost recently, while euromark contracts traded heavy

In Europe the Swedish krona recovered slightly from recent weakness to close at SKr4.756 against the D-Mark from SKr4.787. The Bank of France cut its intervention rate to 5.30 per cent from 5.40 per cent.

Mr Malcolm Barr, international economist at Chemical Bank, said there had been a "very corrective feel" about a lot of the trading yesterday, with most markets retracing the moves of earlier in the week. Currencies again took their lead from the more turbulent bond markets.

You can't have the sorts of falls in credit markets we have seen recently and not experience some sort of correction," said Mr Barr. It was a classic case of markets where there was lots of "o.oise", and few firm trends to follow.

Mr Jeremy Hawkins, chief economist at the Bank of America in London, said there had been cautious dollar buy-ing, which probably reflected that the market had been short at the beginning of the week. He said dollar purchases had also been prompted by indica-tions earlier in the week that the US non-farm payroll figure

today might be quite strong. Mr Barr said the US employment data was unlikely to give the dollar fresh impetus, but, if

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CROSS RATES AND DERIVATIVES

16.69 8.698 10 3.414 6.329 3.046 7.875 3.283 4.136 7.179 4.017 6.529 4.073 5.641 53.74 6.581

0.7150 0.7150 0.7147

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+0.04 +0.10 +0.13 +0.16

95.30 94.62 94.02 93.76

95.32 94.65 94.05 93.93

94.38 94.36 94.15 93.86

5½ - 5½ 6½ - 6½ 5½ - 5½ 5½ - 5½ 13 - 12 7½ - 7½ 6½ - 4½ 6½ - 6½ 5 - 42 5 - 42 5 - 42 5 - 42 5 - 5½

Est. vol. Open int. 14,177 52,361 36,267 50,177 29,694 34,211 18,641 35,743

Strike Price 9476 9500 9525

Strike Price 9550 9575 9600

2.547 2.929 1 2.439 0.103 0.892 2.307 0.962 1.211 2.103 1.177 2.498 1.193 1.652 1.574

**EXCHANGE CROSS RATES** 

Against the DM (Dract/mas per DM)

1.5085 1.507B

-- Prev. close --1.5168 1.5159 1.5144 1.5062 1.5008 anything, this would be on the downside. The recent pattern has been for strong figures to cause a slide in bond prices, which has then fed over into a

weaker dollar. ■ The futures markets were again very active, partly for technical reasons as investors rolled over positions in the June contracts, which will soon be expiring.

With considerable cash buying seen across the yield curve, traders were also hedging posi-tions through the futures mar-

The December short sterling contract settled at 93.61, twelve basis points up on Wednesday's close. Over 27,000 lots were traded. The December euromark coatract traded nearly 69,000 lots to close slightly easier at 94.78 from 94.81

Following recent reversals in the market, dealers were reluc-tant to predict that the sharp rally in short sterling would be sustained. But the return of geouine buying interest was reported. Traders said the mar-ket had also been ripe for a correction after sharp falls earlier in the week.

In the UK money markets, the Bank of England provided late assistance of £15m. The central bank had earlier provided £335m liquidity to the market after forecasting a shortage of £350m. Overnight money traded between 3 per

5.446 2.855 3.283 1.121 2.734 0.118 1 2.585 1.078 1.358 2.357 1.319 2.800 1.337 1.852 17.852

Est. vol. Open int. 29,088 117,616 4,277 13,647 4 340

16,042 3,056 5

117,616 13,647 340

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Low 0.6052 0.6045 0.6065

0.7129 0.7132 0.7145

21.07 11.04 12.70 4.335 10.548 3.868 10 4.169 5.252 6.116 5.101 10.83 5.172 7.163 68.244 8.356

Money markets in most Ger utan centres were closed or account of the Corpus Christ holiday. Trade resumes today.

■ Sterling finished the day with the sterling index unchanged, after earlier test ing the psychologically impor-tant DM2.50 barrier against the D-Mark. The UK currency closed the day at DM2.4977, up from DM2.4922 on Wednesday and off a high for the day of

Mr Hawkins said most of the potentially bad news about the currency appeared to have been discounted, while recent economic figures were on the strong side of expectations Even allowing for stronger German growth, interest rate differentials were still likely to move in sterling's favour. The main constraint on the

UK currency, said Mr Hawkins, was its close link to the dollar. ■ Analysts said the rate cut by the Bank of France showed

that it was sticking to the pattern of tracking the Bundes-bank. Mr Hawkins said the central bank tended to move when the spread between the intervention rate and the German repo rate was more than

20 basis points.

He added, though, that the current spread of 15 basis points was "about as tight as they would like to go." In Greece, meanwhile, Mr

Yannos Papandoniou, the economy minister, declared that the recent drachma crisis was over. "Markets have oow understood that our foreign exchange policy is, and it will remain, unchanged."

The drachma was fixed at Dr149,50 against the D-Mark from the previous fix of Dr149,150, Interest rates continue to fall. The Athens Interbank Offered Rate (ATHIBOR) for one month fell to 60.46 per cent, down from 78.75 on Wednesday and 120 per cent on

Jun 2	E	2
Hungary	[55.893 <b>-</b> \$56.15]	103.170 - 103.220
ran	2644.00 - 2851.00	1748.00 - 1750.00
Kinnell	0.4494 - 0.4629	0.2972 - 0.2993
Polited	33944.4 - 34007.7	22450.0 - 22480.0
Drasta	2899.27 - 2906.83	1917.00 - 1922.00
LAE	5.5528 - 5.5558	38715 - 3,6735

401.1 210.3 241.8 82.55 201.4 8.536 73.64 190.4 78.37 100. 173.6 97.13 206.2 98.47 1298 159.1

Open 0.9567 0.9635

Open 92.22 92.10 91.83 91.56

23.11 12.12 13.93 4.769 11.50 0.492 4.243 10.97 4.573 5.761 10 5.596 11.68 5.673 7.857 74.58 8.157

Latest 0.8544 0.9610

1.5140 1.5110 1.5120

Sett price 92.15 92.04 91.75 91.44

Open Sett price Change High 95.66 96.52 -0.15 95.86 95.97 -0.18 95.67 95.47 -0.18 95.57 95.28 95.13 -0.16 95.28 MONTH SCU PUTURES (LIFTE) Southing policy and processing the process of the process of the process of the process of the price of the price

E THREE MONTH EURODOLLAR (IMM) \$1m points of 100%

# US TREASURY BILL FUTURES (MAN) \$1m per 100%

0.22 0.07 0.03

Aug 0.25 0.10 0.04

Dec 0.20 0.12 0.07

93.97 94.03 93.96 93.72

# STRIPLING FUTURES (MAN) 202,500 per £

4.130 2.165 2.488 0.850 2.073 0.085 0.758 1.960 0.617 1.0767 1 2.123 1.014 1.404 13.38

Change -0.0026 -0.0025

E THREE MONTH EUROMARK PUTURES (LIFFE) DM1m points of 100%

-0.02 -0.04 -0.03 -0.04

-0.05 -0.04 -0.05 -0.05 -0.08

-0.04 -0.07 -0.09 -0.10

94,90 95,00 94,83 94,58

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Low 93.94 94.00 93.88 93.68

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Jun 2		Cloning mid-point	Change on day	Bid/offer spread	Day's high	Mid	One me	onth %PA	Three mit Rate	MPA	One y		Bank of Eng. Index
Europe													
Austria	(Sch)	17.4796	-0.0543	712 - 880	17.5836	17.4653	17.4758	0.3	17.4702	0.2			114.1
Belglum	(BPI	51.4058	+0.0876	702 - 413	51.5110	51,4080	51,4208	-0.4	51,4308	-0.2			115.3
Denmurk	(DKr)			015 - 113	9.8267	6.8007	9.8142	-1.0	9.8269	-0.8	9.8279	-0.2	115.6
Finland	(FM)		-0,0134	563 - 756	8.3090	8.2630		-	-	-			80.9
France	(FFr)	6.5268	+0.008	231 - 345	8.5544	8.5227	8.5332	-0.6	8.5373	-0.4	8.5053	0.3	108.5
Gentramy	DM	2,4977	+0,0055	968 - 987	2.5075	2,4949	2.4961	-0.2	2.4982	-0.1	2,4788	0.8	123.6
Greece	(Dr)	373,034	+2.482	406 - 862	374.450	371.826	-		-	-	-		-
keland	(152)		-0.0007	234 - 253	1.0283	1.0230	1.025	-0.0	1.0261	-0.7	1.0279		104.1
italy	(u	2415,90	-0.09	459 - 721	2423.66	2413.86	2421,5	-28	2430.95	-2.5	2462.8	-1.9	77.E
Luxembourg	(LPI)	51,4058	+0.0676	702 - 413	51.5110	51,4080	51,4208	-0.4	51,4308	-0.2	51.2708	0.3	115.3
Netherlands	(H)	2,7995		972 - 017	2,8061	2.7968	2.7992	0.1	2.8001	-0.1	2,7778	0.8	119.2
Norway	(NKc)	10.8261	+0.0128	212 - 309	10.8510	10.8050	10,8204	0.6	10.833	-0.3	10.8241	0.0	85.7
Portugal	(Æs)	259,755		459 - DSO	260.260	259.326	260.73	-4.5	282.678	-4.5	-		-
Spein	(Pte)	206,178	+0.565	010 - 348	206,670	205.872	206.683	-2.9	207,583	-2.7	210,068	-1.9	84.5
Sweden	SKI	11.8797	-0.0559	678 · 856	11,9787	11.5600	11.8997	-2.3	11.9347	-20	12.0327	-1.3	75.5
witzerland	(SFr)	2.1226	+0.0008	215 - 237	2.1263	2.1195	2.1212	0.8	2.1175	1.0	2.0885	1.5	118.1
UK	È	-	-		-		-	-		•		-	80.3
icu :		1,2960	+0.0015	954 - 965	1.2990	1.2950	1_2976	-1.5	1.2933	0.8	1.2925	0.3	-
1906	_	0.936022	_				-	-					-
Imericas													
Argestina	(Peso)	1.5093		088 - 098		1.5080			-	-	-		-
Brazil	(C1)	2885.83	-8.96	505 - 860	2900.00	2885.00	-	-		-	-		-
Canada	(CS)	2.0943		934 - 952	2.1070	2.0935	2.096	-1.0	2.0998	-1.1	2.1163	-1.1	86.7
	w Peso)			169 - 376	5.0464		-	-					-
USA	(3)	1.5124	-0.0047	120 - 128	1.5200	1.5115	1.5115	0.7	1.5101	0.6	1.5051	0.5	65.5
Pacific/Middle													
Australia	(4.5)	2.0509		498 - 521		2.0479	2.0502	0.4	2.0486	0.4	20476		-
Hong Kong	(HICS)			617 - 894	11,7428		11.6775	0.6	11.6736	0.4	11.7006	-0.1	-
ndie	(Pa)	47.4440		277 - 603	47.6880		-	-					<b>-</b>
Jepan	ന	158.696		624 - 768		158,100	158.276	3.2	157,486	3.0	153.321	34	183.6
Matoysia	(MS)	3.9098		063 - 129		3.9057		-			-		-
New Zeeland	(NZS)	2.5472		450 - 494	2.5602		2.5465	0.3	2.55	-0.4	2.5566	-0.4	-
Philippines	(Peso)	40.7215		460 - 969	41.1215			-			-	-	_
Saudi Arabia	(SP)	5.6720		702 - 738	5.7000		-	-		-	-		-
Singapore	(3\$)	2.3193		179 - 206	2.3298		-	-		-		-	-
S Africa (Com.		5.4868		840 - 892	5.5291	5.4852		-	-	-			-
Africa (Fin.)	(FI)	7.2596		425 - 786		7.2450	-	-		-	-		
South Korne	(Won)	1219.53		913 - 992	1225.58			-	-	-	-	-	-
Tuhwan	CT.	40 9407	_0 1920	642 - 271	41 1000	20,000	_	_	_	_	_	-	_

(%) 2-3195 -0.0099 179 - 205 (h.) (F) 5.4866 -0.0292 840 - 882 (h.) (F) 7.2596 -0.0073 425 - 786 (Work) 1219.53 -3.48 913 - 992 (13) 40.9407 -0.1292 542 - 271 (8) 35.1427 -0.1282 175 - 079 (km ; 1) 84407 -0.1282 175 - 079 (km ; 1) by current bitmast pides. Service indivise equivalent

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		mid-point	on day	apreed	high	law	Rate	%PA	Rate	%PA	Rate	%PA	index
Енторе													
Augtrie.	(Sch)	11.5575		560 - 600		11.5450	11.585	-0.6		-0.4	11.4933	0.6	103.4
Belglum	(BFr)	33.9895	+0.163	750 - 040		33.8780	34.0195	-1.1	34.0645	-0.9	34.0295	-0.1	104.7
Denmark	(DKr)	6.4840	+0.0296	825 · 855	8,5040		6.493	-17	6.507	-1.4	8.524	-0.6	104.1
Finfend	(FM)	5.4655	+0.0061	605 - 704	5.4790		5.4695	-0.9	5,478	-0.9	5,494	-0.5	75.6
rance	(FFr)	5.6393	+0.0228	370 - 415	6.6510		5.6455	-1.3	5.8543	-1.1	5.6275	0.2	104,9
Зегпалу	(0)	1.6515	+0.0087	512 - 517	1.6541	1.6450	1.6527	-0.9	1.8530	-0.6	1.648	0.3	105.4
Greece	(D1)	246,650	+2,4	300 - 000		245.200	248	-6.6	24B.85	~3.6	251.15	-1.8	8.69
reland	(EQ)	1.4764	-0.0035	754 - 774	1.4810		1.4748	1.3	1,4710	1.2	1.4653	0.8	_
taly	(L)	1597.40	+4.9	895 - 784		1592.75	1601.85	-3.8	1609.9	~3.1	1635.90	-24	78.3
recupored	(LFr)	33.8895	+0.163	750 - 040		33.8780	34.D195	-1.1	34.0645	-0.9	34.0295	-0.1	104.7
Vatherlands	(FS)	1.8510	+0.0093	500 - 520	1.8544		1.8523	-0.9	1.8538	-0.6	1.8463	0.3	104.5
Vorway	(NKI)	7,1582	+0.0308	569 - 595	7.1700	7.1240	7,1637	-0.9	7,1707	-0.7	7.1382	0.3	95,9
Portugal	(Es)	171.750	+1.1	600 - 900		170.600	173.155	-9.8	175,16	-7.9	160.1	-4.9	92.4
Spain	(Pta)	136.325	+0.795	250 - 400	136.630	135.690	136.74	-3.7	137,44	-33	139.45	-23	80.3
Sweden	SKI	7.8529	-0.0125	491 - 566	7,8939	7.8383	7.8729	-3.1	7.9029	-25	7,9679	-1,7	80.4
Switzerland	(SFr)	1,4035	+0.0049	031 - 038	1.4055	1.3970	1.4037	-0.1	1.4021	0.4	1,3864	1.2	104.2
JK .	(E)	1,5124	-0.0047	120 - 128	1.5200	1.5115	1,5115	0.7	1.5101	0.6	1,5051	0.5	89.0
Ecu	-	1.1670	-0.005	667 - 672	1-1708	1.1645	1,1648	22	1,1628	1.4	1,1721	-0.4	-
SORT	-	1,41895	-				-		-				-
Americas													
Argentina .	(Peso)	0.0080	-0.0001	978 - 980	0.9980	0.9978	-	-	-	-	-	-	
Brazil	(Cr)	1906.11	-	610 - 612	1908.22	1908.00				-		-	_
Cenada	(CS)	1.3848	-0.0018	845 - 850	1.3865	1,3830	1.3868	-1.7	1.3905	-1.8	1.4078	~1.7	83.0
Mendoo (New	Pegol	3.3250	+0.005	200 - 300	3.3300	3.3200	3,326	-0.4	3.3279	-0.3	3.3352	-0.3	-
JSA	(5)	-	,				******	-				-	100.1
acific/Middle		Atrica											
ustralia	(AS)	1.3561	+0.0058	556 - 565	1,3566	1.3532	1.3564	-0.3	1.3566	-0.1	1.3603	-03	90.1
long Kong	HIGO	7.7265	+0.001	260 - 270	7.7275	7.7255	7.726	0.1	7,7285	-0.1	7.7427	-0.2	-
ndle	(13)	31,3700		675 - 725	31,3750		31,45	-3.1	31,595	-2.9	.,,	-	_
lapan	m	104,930		910 - 950	105.050		104,735	22	104,285	2.5	101.705	6.1	145.0
Malaysia	(MES)	2.5850		835 - 865	2.5870	2.5780	2.5775	3.5	2.574	1.7	2.805	-0.8	, 40,4
lew Zeeland	(NZS)	1.6842	40.0071	832 - 852	1.6883	1.6829	1.686	-1,3	1.8906	-1.5	1.7123	-1.7	_
	Pesol	26,9250	,	500 - 000	27,1000		1,000		114444		1.1 120	-,.,	_
laudi Arabia	(SR)	3.7503		501 - 506	3,7506	3,7500	3.7508	-0.2	3,7529	-03	3,7856	-0.4	_
ingapore	(SS)	1.5335	+0.0015	336 - 340	1.5365	1.5317	1,5328	0.6	1.5325	0.3	1.5345	-0.1	
Africa (Com.)		3,6278	-0.006	270 - 285	3.6395	3.6240	3.6433	-5.1	3.8716	-4.8	3,7483	-3.3	-
	(FI)	4.8000			4.8200	4,7900					0.7403	-3.3	-
Africa (Fin.)	(FI)		+0.01	900 - 100			4.8338	-8.4	4,8925	-7.7	***		-
outh Korea	(Won)	806.350	+0.2	300 - 400	806,500		809.35	-4.5	812.85	-32	831.35	-3.1	-
alwan	(T\$)	27.0700	-0.0038	200 - 200	27,1200		27.09	-0.9	27.13	-0.9			-
halland	(B¢)	26.2200	-0.005	100 - 300	25,2300	23,2000	25,2925	-3.4	25.42	-3.2	25.9	-2.7	-

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> Suspension of the right to exercise IRI-STET 1992-1996 Warrants (ISIN: IT0001002200)

for the purchase of STET Ordinary shares from IRI

Holders of IRI-STET 1992-1996 werrants are informed that, in accordance with point 2, letter C, of the regulations, the right to exercise the warrants for the purchase of STET Ordinary shares will be suspended from 13 June to 19 July 1994 due to the general meeting of shareholders, scheduled for 28 June and in expectation of the payment of the di-

> Suspension of the right to exercise IRI-STET 1991-1994 Warrants IRI-STET 1992-1994 Warrants (SAME ISIN: IT0000078060)

for the purchase of STET Savings shares from IRI

Holders of IRI-STET 1991-1994 warrants and IRI-STET 1992-1994 warrants are informed that, in accordance with point 2, letter C, of the regulations, the right to exercise the warrants for the purchase of STET Savings shares will be suspended from 4 July to 19 July 1994 in expectation of

Rome, 3 June 1994

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# Retail stocks decline on sales figures

### Wall Street

US share prices edged forward yesterday morning as bonds improved ahead of today's crucial economic news, writes Frank McGurty in New York. By 1 pm, the Dow Jones

Industrial Average was 2.16 better at 3,762.99, while the ore broadly based Standard & Poor's 500 was a scant 0.39 firtner at 458.02 in moderate

In the secondary markets, the American SE composite inched 0.57 ahead to 440.45 and the Nasdaq composite added 2.72 at 738.24

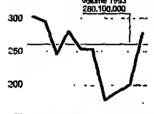
Early on, stocks were firmer, as the Treasury debt market built upon its solid advance in tbe previous session. But the mood in equities was

decidedly more restrained and directionless than in bonds. especially when the moderate gains struck by the latter began to erode near midday. Sbare prices then moved closer

On balance, the day's eco-

### NYSE volume

Daily (million



19 20 23 24 25 26 27 30 31 1

nomic news was neutral for stocks. The Commerce Departmeot said that new orders of factory goods had slipped by 0.1 per cent in April. against forecasts of a slight upturn. The data suggested that the economy was beginning to slow, perhaps in response to the series of interest rate eral Reserve this year.

While slower growth might eventually hold back corporate earnings - an obvious negative for equities - a moderating trend also increased the likelihood of the Fed delaying any additional rate actions.

However, a better gauge of the economy's strength was looming just ahead. May employment data, due out this morning, may give lovestors more insight into the Impact of the Fed's move to tighter

Economists are forecasting an increase in non-farm payrolls of between 275,000 and 300,000, suggesting steady, moderate growth.

A figure that exceeds expectations was expected to bring forward the Fed's next move. That prospect would probably trigger a fresh sell-off in bonds. which equity investors would be unlikely to ignore.

In the meantime, the market had to be content with digest-

ing monthly sales figures from the leading retail chains. The results were generally lackiustre and most retailing stocks dipped on their release. JC Penney posted a 5 per

cent gain in sales for stores opened at least a year, one of the best performances of the mouth. But the market appeared dissatisfied, as its stock was marked down \$1 to

retailer, gained \$1% to \$30% on news of a 30 per cent jump in same-store sales. Wal-Mart, the morning's most active issue, slipped \$% to \$22%, after post-ing same-store sales growth of 4.7 per cent.

US Surgical, which climbed \$2% in the previous session on takeover speculation, gave back \$1% to \$20% after Ciba-Geigy denied that it was seeking to acquire the company, Disney added \$1 at \$44% as the market responded favourably to news that a Saudi prince was making a big investment

in its Euro Disney theme park. On the Nasdaq, most tech-nology issues were flat. Oracla was an exception. Its share price advanced \$2 to \$36% after its chief executive said that he expected the software company's database business to grow by 40 to 50 per cent in the new

## Canada

Toronto stocks were mixed in quiet midday trading, buoyed by good earnings results and a recovering bond market.

The TSE 300 composite index improved 4.51 to 4,294.17 in turnover of C\$249.99m. Canadian bonds held steady

at midday after several days of heavy losses on foreign worries about the forthcoming Quebec election and in spite of a downgrading of Canada's foreign debt by Moody's Investor Ser-

Royal Bank put on C\$1/4 at C\$27%, having recorded stronger second-quarter results. Canadian imperial Bank of in spite of higher second-quarter earnings. Newbridge Networks fell C\$4% to C\$54%.

## Venezuela

Equities in Caracas recorded their fifth consecutive rise as foreign investors, particularly from the US, were seen buying heavily. The market has been attracting overseas interest following the decision earlier this week to replace a capital gains tax of up to 37 per cent with a per cent share transaction

The Merinvest index rose a provisional 11.49, or 8.2 per cent, to 150.6 in turnover that was reported to be above 86m. compared with a recent average of some \$3m.

Caracas is one of the smallest of the Latin American markets, with a total capitalisation of some \$6bn, and, in dollar terms, has underformed the region in the IFC emerging

# Euro Disney stars as Paris clears 2,000 level

Late-closing markets had the best of the day's trading, writes Our Markets Staff. Frankfurt

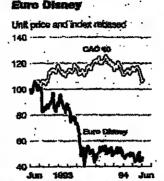
PARIS rose above 2,000, a semblance of confidenca returning after a brief sojourn below the support level on

The CAC-40 index finished 27.70, or 1.4 per cent, up at 2,007.38, with help coming from the futures exchange and a 10 basis-point cut, albeit expected, in the Bank of France's intervention rate at midsession.

Euro Disney was once again on investors' minds following the news that Prince Al-Waleed Bin Talal, the nephew of King Fahd of Saudi Arabia, was to buy between 13 and 24 per cent of the troubled theme park, and invest a further \$100m in the construction of a conference centre.

Coming just a few days before Euro Disney's extraordi-nary general meeting, at which it was due to announce the terms of its FFr6bn rights issue, the news was welcomed with a rise in the shares of FFr1.85, or 6 per cent, to

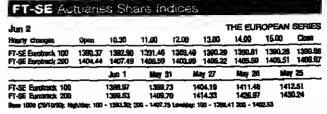
As James Capel noted, the shareholding of Walt Disney. the US parent, could fall as low



as 36 per cent if the rights issue is heavily subscribed by existing shareholders. In that evantuality, Walt Disney has said that it would be prepared to sell part of its own stake, up to a maximum of FFribn.

Mr Nigel Reed of Paribas Capital Markets commented that the impact of this news would be falt following the rights issue since it was now less likely that there would be an overhang of shares.

Schneider suffered a difficult day, with the shares losing FFr21.60 to FFr368.90 following their suspension on Wednes



day as investors reacted to news that the group's chairman had been kept in custody in Belgium pending further investigations over allegations of fraud, and that French lice had searched the group's Paris headquarters.

AMSTERDAM was encouraged by better than expected results from both KLM and ING, the financial services group. As a result the AEX index, which had suffered a fright on Wednesday, recovered most of the lost ground, closing 2.24 higher at 399.76.

Hoare Govett said it expected the market's consolidation to continue in the short term. particularly as cyclical stocks had outperformed the average by between 20 to 50 per cent in the year to date. "This period of consolidation will allow relative gains in defensive stocks,

such as food and beverages publishers and (when the bond market recovers) financials," they added.

The financial sector came into play as ING's first-quarter results exceeded analysts expectations and moved the shares 80 cents higher to Fl 76.10. The group noted that it had lost some Fl 99m from trade in emerging market debt and foreign exchange arbitrage, compared to a profit of Fl 261m the previous year. KLM was down by the end of

trading, off 50 cents at F151.40 after a day's high of F152.70, with traders noting profit-tak-ing following gains in recent days. The airline, which turned a loss in the same year-ago period of FI 562m into a profit of Fl 103m, said that in spite of the results it would be proposing to omit the dividend when

ZURICH showed some resilience, but it closed too early to enjoy the final kick which was seen in later closing bourses. The SMI index eased 5.6 to

2.725.9. Volume was thin, said Mr Frederick Hasslaner of Bank Sal Oppenheim in Zurich, reckoning on between SFr600m and SFr700m against Wednesday's SFt1.05bn. Weakness in cyclicals contin-

ued and an early rise in Roche, a major index component, turned to weakness in the afternoon as the certificates closed SFr10 lower at SFr6,790. Among the cyclicals, BBC

Brown Boveri lost another SFr20 to SFr1,215 and Holder-bank SFr16 at SFr929. At Sulzer, down SFr10 at SFr905 and SFr74 lower over the past five trading days, a heart valve scandal in Germany has been a drain on sentiment. However, said Mr Hasslauer, Sulzer's US subsidiary, which makes the valves, has only had a presence in the German market since January of this year.

MADRID's general index ended higher after a see-saw day, up 2.78 at 324.16 after a low of 319.57. Santander lost out on the technical and bond market considerations which

took most blue chips higher, falling another Ptal55, or 3.2 per cent to Pta4,730.

HELSINKI closed higher following four-month figures from Nokia, the electronics and industrial conglomerate which was a major outperformer in the share price charts, both in 1993 and early in 1994

Nokia reported a 136 per cent jump in operating profits, and Its share price rise of FM11 to FM419 was almost entirely responsible for taking the Hex indax out of the doldrums early in the day to close 8.25 higher at 1,779.6, in turnover of FM147m.

TEL AVIV fell to an 18month low, the Mishtanim index losing 6.51, or 3.6 per cent to 176.21 as turnover rose from Shk219m to Shk273m.

On Wednesday Mr Sam Bronfeld, director general of the Tel Aviv stock exchange dismissed hopes of a Middle East "peace dividend", describing as an "illusion" the Israeli government theory that the peace deal with the PLO will bring about investment and increased growth.

Written and edited by William

# Pacific Rim quivers but Nikkei stays above 21,000

### Tokyo

Stocks declined somewhat following four days of strong gains, but the Nikkei 225 aversge managed to stay shove 21,000 on hopes that it could rally again, writes Robert Pat-

The index slipped 44.11 to 21,009.00. An afternoon high of 21,198.11, topping last year's closing peak of 21.148.11, was followed by a wave of profittaking and a day's low of 20,965.69 just before the close. The Nikkei 300 receded 1.12

to 308.77. Volume, down from Wednesday's 691m shares, remained heavy at 650m. The Topix index of all first section stocks lost 3.92 at 1,689.66, but in London the ISE/Nikkel 50 index was 1.02 firmer at 1,396.12.

tiously optimistic. Mr Keijl Ikeda, a trader at Barclays de Zoete Wedd in Tokyo, said that the day's modest decline was no more than "a digesting process after four days of rising

Mr Ikeda viewed the continued strong volume in tha market as positive. "This is the third time the markat has tested the 21,000 level," he said, but, this time, the volume looks stable."

Oils were mixed. After gains in the morning session, Nippon Oil ended a net Y2 off at Y776 and Japan Energy also Y2 down at Y456. Cosmo Oil benefited from a report that the company had won a concession from the Abu Dhabi government to develop a new oil field in the United Arab Emirates. the first such concession won by a foreign company since the 1973 oil crisis. At the close, Cosmo was up Y7 at Y881.

Mitsubishi Oil retreated Y26 to Y955 on rumours, which It denied, that It had auffared losses on foreign exchange

Multimedia related shares gave back most of Wednesday's gains. Hitachi was down Y20 to Y1,080, Fujitsu dipped Y10 to Y1,120 and the telecommunications giant NTT declined Y9.000 to Y883,000.

In Osaka the OSE average was 76.87 higher at 23,388.06. Volume for the day amounted to 45.1m shares.

## Roundup

Rumours, technical selling and adverse corporate reports gave a number of Pacific Rim mar-kets an uncomfortable day. HONG KONG dropped 3 per cent, brokers blaming a spate

of covered warrant issues and the market's failure to break out of its current trading closed 289.73 lower at 9,224.44 and turnover eased from HK\$4.04bn to HK\$3.60bn The view was that by issuing

covered warrants, shareholders had locked in profits while take ing money out of the market, and that traders were now wondering where buying sup port would come from. Among heavily traded thirdparty warrants, Smart-Hope-well '94 lost 16 cents to 92

cents, Fleming-Cheung Kong '95 feil 14 cents to 73 cents, SBC-Wharf '95 dipped 13 cents to 69 cents and BZW-HSBC '96 shed 22 cents to HK\$1.19. In the share market, con glomerates were hit by worries

that covered warrants were likaly to be issued on their shares. Swire "A" fell HK\$2.50 to HK\$58.50. Jardine Matheson HK\$2.50 to HK\$59 and Hutchi KUALA LUMPUR plunged

nearly 3 per cent, driven lowe by rumours and by technical

### lost 27.36 at 955.44 as volume rose to 131.5m shares from 93.7m. Turnover was M\$621m. Speculative stocks were most

affected, especially those associated with Samsudin Abu Hassan. Granite Industries, in which he holds a controlling stake, was the day's most active issue, dropping 38 cents to M\$3.80 on rumours that it could lose its licence to operate gaming machines in China.

After hours, the KLSE executive chairman, Nik Mohamed Din Nik Yusoff, denied stories that several brokerages face financial difficulties. SINGAPORE saw negative sentiment spill over from the

heavy liquidations in the Malaysian stock market, and the Straits Times Industrial index fell 15.50 to 2,252.38. Brokers said, however, that the declines in Singapore blue chips were contained since vol-

ume was only 105.92m shares. Malaysia's Idris Hydraulics. Mulpha International, Promet, Renong and Landmarks were among fallers, and led volume.

SEOUL staged a rebound in most telecommunications related shares and, while concerns about North Korea's nuclear programme still overshadowed the market, the composite stock index rose 4.66 to 937.43. The state-funded Korea Tele-

com sold off 1.16m shares in Korea Mobile Telecom much more quickly than planned. Both Korea Mobile and Dacom went the day's limit up, gain-ing Won6,000 and Won3,000 at Won295,000 and Won132,000 respectively.

Posco led a blue-chip rebound, adding Won2,000, limit-high, at Won69,000. Tackwang industry, South Korea's most expensive share, also

IS INTERNATION

sparked high-price buying. closing Won10,000 higher at Won430,000. SYDNEY was upset by a

sharp decline in News Corp on reports that the US Federal Communications Commission might be conducting an investigation into the media group's activitles there. The stock receded 30 cents, or 3.2 per cent, to A\$8.90 in volume of some 3.2m shares.

The All Ordinaries index retreated 20.2 to 2,077.0 in turnover of A\$435m. Retailers lost ground on

poorer than expected retail sales data: Coles shed 5 cents to A\$4.28 and Woolworths 1 cent to A\$3.00. TAIPEI was generally lower,

although export-related stocks advanced following the recent depreciation of the Taiwanese dollar.

quished 4.83 to 5.956.62 in turnover of T\$57.5bn. BOMBAY was lifted by

heavy buying from foreign institutions on the last day of the account. The BSE 30-share index finished 61.83 ahead at 3.895.32.

Brokers said that market fundamentals were strong at the moment because of recent good corporate results and orecasts that the monsoon rains were likely to be nurnal this year.
WELLINGTON improved.

with domestic investors encouraged by reports that there had been an uplift in foreign investment following news that the governmen expected to report its first budget surplus for 17 years. The NZSE-40 capital index

added 11.55 at 2,147.76, with Telecom gaining 9 cents at

## Strength in De Beers and Anglos lifts Johannesburg

A strong showing by De Beers, the diamonds combine, and Anglos, the min-ing finance house, took Johannesburg's overall index up by nearly a percentage point yesterday, while gold shares and industrials floundered.

De Beers closed R7, or nearly 7 per cent. higher at R109 and Anglos gained R5.50, or 2.5 per cent, at R224.40. Reflecting this

the overall index advanced 53 to 5,473. The industrials index was unchanged at 6,563 and golds, weighed down by the weaker bullion price, declined 8 to 1,940.

Anglos produced better than expected full-year results on Wednesday. Of the market as a wbole, Mr Nick Harwood at Fleming Martin in London said the Interof South Africa in its emerging markets index with a weighting of 13 per cent should be good for sentiment. "A weighting in a range of 13 to 16 per

cent puts South Africa in line with Malaysia and Mexico," added Mr Harwood. "It raises the Johannesburg market's profile, and should attract fund managers who

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